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S. 818, A BILL TO PROVIDE PERMANENT AUTHORIZATION FOR THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 818

A BILL TO PROVIDE PERMANENT AUTHORIZATION FOR THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS

SEPTEMBER 17, 1987

Printed for the use of the Committee on Small Business

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S. 818, A BILL TO PROVIDE PERMANENT AUTHORIZATION FOR THE WHITE HOUSE CONFERENCES ON SMALL BUSINESS

THURSDAY, SEPTEMBER 17, 1987

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met at 10:10 a.m., in room 428–A, Russell Senate Office Building, Hon. Dale Bumpers (Chairman) presiding.

STATEMENT OF HON. DALE BUMPERS, A U.S. SENATOR FROM THE STATE OF ARKANSAS

The CHAIRMAN. Our first witness this morning was to be Senator Domenici who has not arrived yet, but Mr. Swain is here. So, Mr. Swain, I will ask you to come up and go ahead and begin the testimony so we can get the hearing started. I will, Senator Bond, forego delivering this eloquent statement and insert it in the record.

[The prepared statement of Senator Bumpers follows:]

STATEMENT OF SENATOR DALE BUMPERS

CHAIRMAN

COMMITTEE ON SMALL BUSINESS

SEPTEMBER 17, 1987

I WOULD LIKE TO THANK SENATOR DOMENICI FOR PAYING US A VISIT THIS MORNING TO DISCUSS HIS BILL WHICH WOULD PROVIDE FOR THE PERMANENT AUTHORIZATION OF WHITE HOUSE CONFERENCES ON SMALL BUSINESS. THIS LEGISLATION HAS RECEIVED SUPPORT FROM OUR NATION'S SMALL BUSINESS COMMUNITY AND HAS BEEN CHAMPIONED BY THOSE ENTREPRENEURS WHO HAVE PARTICIPATED IN PAST WHITE HOUSE CONFERENCES. THIS MEASURE WOULD ENSURE THAT WHITE HOUSE CONFERENCES ON SMALL BUSINESS ARE HELD EVERY FOUR YEARS FOLLOWING PRESIDENTIAL ELECTIONS. AS THE CHIEF COSPONSOR, WITH SENATOR WEICKER, OF THE LEGISLATION MANDATING THE 1986 WHITE HOUSE CONFERENCE ON SMALL BUSINESS, THIS IS A MATTER OF GREAT INTEREST TO ME.

THE 1980 AND 1986 WHITE HOUSE CONFERENCES ON SMALL BUSINESS BROUGHT TOGETHER DELEGATES FROM ACROSS THE COUNTRY TO INITIATE A NATIONAL SMALL BUSINESS AGENDA FOR CONGRESSIONAL CONSIDERATION. CONGRESS AND THE ADMINISTRATION ACTED ON SIXTY PERCENT OF THE 1980 CONFERENCE PROPOSALS AND SOME ACTION HAS ALREADY BEEN TAKEN ON MANY OF THE 1986 RESOLUTIONS. DUE TO THE FACT THAT THE CONVENTIONS HAVE BEEN CALLED WHEN THE WINDS OF ECONOMIC CHANGE

HAVE ALTERED THE NEEDS OF AMERICA'S SMALL BUSINESSES, THEY HAVE BEEN VALUABLE IN SETTING THE CONGRESSIONAL AGENDA FOR SMALL BUSINESS AND STRENGTHENING THE INFLUENCE OF SMALL BUSINESS IN WASHINGTON.

MY PRINCIPAL CONCERNS ABOUT SENATOR DOMENICI'S LEGISLATION, HOWEVER, ARE WHETHER OR NOT THE FOUR YEAR REGULARITY WHICH HE IS PROPOSING WILL JEOPARDIZE THE IMPORTANCE AND IMPACT OF FUTURE WHITE HOUSE CONFERENCES ON SMALL BUSINESS AND WHETHER IMPROVEMENTS CAN BE MADE IN THE CONFERENCE PROCESS. I HAVE SOME RESERVATIONS ABOUT LEGISLATION THAT WOULD ROUTINIZE AN EVENT WHICH, THROUGH ITS INFREQUENCY, SPONTANEITY, AND HISTORICAL QUALITY, GRASPS THE ATTENTION OF GOVERNMENT OFFICIALS THROUGHOUT THE COUNTRY. THE ABBREVIATED TIME BETWEEN CONFERENCES IN WHICH CONGRESS COULD ACT ON RESOLUTIONS MIGHT HANDICAP LONG-TERM PROPOSALS BECAUSE, AS THE SAYING GOES, "FAMILIARITY BREEDS CONTEMPT". WHITE HOUSE CONFERENCES SHOULD NOT BE SO FREQUENT THAT THEY LOSE THEIR HISTORIC SIGNIFICANCE.

THIS LEGISLATION, VIRTUALLY IDENTICAL TO PAST CONFERENCE AUTHORIZATION BILLS, MIGHT ALSO BE IMPROVED TO PROVIDE SAFEGUARDS AGAINST POLITICIZATION. OUR EXPERIENCE WITH THE 1986 WHITE HOUSE CONFERENCE WAS THAT THE WHITE HOUSE STAFF DID ITS BEST - THOUGH WITH LITTLE SUCCESS, ULTIMATELY - TO UNDO WIDESPREAD OPPOSITION TO THE ADMINISTRATION'S PROPOSAL TO ABOLISH THE SBA. ALSO, SINCE THE BILL DOES NOT SPECIFY THE TIME THAT THE CONFERENCE SHOULD BE

HELD DURING A PRESIDENTIAL TERM, IT RAISES THE POSSIBILITY THAT IT COULD BECOME A REELECTION TOOL FOR INCUMBENTS.

I LOOK FORWARD TO FUTURE WHITE HOUSE CONFERENCES ON SMALL BUSINESS AND THE SNAPSHOT THAT THEY PROVIDE OF OUR NATION'S SMALL BUSINESS PEOPLE AND THEIR NEEDS. I AM SURE THAT MY COLLEAGUES WILL JOIN ME IN OUR EFFORT TO MEET THOSE NEEDS AND PROMOTE THE PROGRESS OF ENTREPRENEURS ACROSS AMERICA. WE ARE HOLDING THIS HEARING TODAY NOT ONLY TO ASSESS THE IMPACT OF SENATOR DOMENICI'S BILL, BUT TO ALSO ENSURE THAT THIS FORUM AND ITS IMPRESSION UPON OUR NATION'S LAWMAKERS REMAINS STRONG.

THE WITNESSES THAT ARE OFFERING THEIR VALUABLE TIME TODAY WILL HELP US TO RESOLVE MANY OF THE ISSUES PRESENTED BY THIS LEGISLATION, AND I APPRECIATE ALL OF THEM, AND PARTICULARLY OUR SMALL BUSINESS WITNESSES, FOR TAKING THE TIME AN EXPENSE TO TRAVEL TO WASHINGTON TO BE WITH US TODAY.

NOW, I WILL TURN TO OUR DISTINGUISHED RANKING REPUBLICAN MEMBER, SENATOR WEICKER, FOR HIS COMMENTS.

The CHAIRMAN. Senator Bond, do you have an opening statement?

STATEMENT OF HON. CHRISTOPHER S. BOND, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator BOND. I think I have just gathered that it would be advisable to submit it for the record. I was all warmed up but, Mr. Chairman, your lead, once again, was very compelling and I find that is the better part of wisdom. I shall, therefore, submit it.

The CHAIRMAN. It was not intended to be intimidating. Feel perfectly free, if you choose, to——

Senator BOND. I feel perfectly free to choose to follow your lead, Mr. Chairman.

[The prepared statements of Senators Bond, Dixon, and D'Amato follow:]

Statement of Senator Kit Bond- Senate Small Business Hearing on S.818, legislation to provide permanent authorization for a White House Conference on Small Business. September 18, 1987

THANK YOU,MR. CHAIRMAN. AS ONE OF THE COSPONSORS OF THIS BILL, I APPRECIATE YOUR RESPONSIVENESS TO OUR REQUEST FOR A HEARING ON THIS LEGISLATION.

I SUPPORT SENATOR DOMENICI'S BILL FOR SEVERAL REASONS.

WE NEED TO HEAR FROM SMALL BUSINESS ON A MORE REGULAR BASIS, ESPECIALLY HERE IN CONGRESS. IT IS BY OUR ACTIONS HERE IN CONGRESS.

A CONFERENCE EVERY FOUR YEARS WOULD ALLOW SMALL BUSINESS TO COMMUNICATE THEIR NEEDS AND VIEWS TO THE FEDERAL GOVERNMENT ON A MORE TIMELY BASIS. THE ECONOMIC AND POLITICAL LANDSCAPE CHANGES SO MUCH JUST IN A YEAR THAT CONVENING EVERY FOUR YEARS TO DISCUSS THE IMPACT ON SMALL BUSINESS IS HARDLY EXCESSIVE.

IT IS ESSENTIAL THAT CONGRESS KEEP ITS HAND ON THE PULSE OF SMALL BUSINESS GIVEN ITS IMPORTANCE TO OUR ECONOMY. A REGULARLY SCHEDULED AND MORE FREQUENT WHITE HOUSE CONFERENCE WILL HELP ACHIEVE THAT GOAL.

THANK YOU, MR.CHAIRMAN.

SEPTEMBER 17, 1987

A STATEMENT BY

SENATOR ALAN J. DIXON

COMMITTEE ON SMALL BUSINESS

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

THANK YOU, MR. CHAIRMAN.

AS AN ORIGINAL COSPONSOR OF S.818, A BILL TO PROVIDE PERMANENT AUTHORIZATION FOR THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS, I WOULD LIKE TO COMMEND THE CHAIRMAN FOR HOLDING THESE HEARINGS.

OUR NATION WAS FOUNDED BY SMALL BUSINESSES. THEY GAVE BIRTH TO OUR ECONOMY. TODAY'S ENTREPRENEUR SEEKS TO MAINTAIN THIS TRUE ECONOMIC INDEPENDENCE. FREE ENTERPRISE IS MORE THAN AN ECONOMIC THEORY FOR SMALL BUSINESS. IT IS A PRACTICAL NECESSITY. THIS IS A SEGMENT THAT MUST BE HEARD, AND ACKNOWLEDGED FOR ITS CONTRIBUTIONS TO THIS NATION'S ECONOMIC WELL-BEING, AS WELL AS FOR ITS MAINTENANCE OF OUR IMAGE AS "THE LAND OF OPPORTUNITY".

SMALL BUSINESS IS THE PRIMARY EMPLOYMENT GENERATOR FOR THE ECONOMY OF THE UNITED STATES. IT CREATES ALMOST 80 PERCENT OF

ALL NEW JOBS, GENERATING ALMOST 40 PERCENT OF THE GNP AND EMPLOYING 48 PERCENT OF THE PRIVATE WORK FORCE. THUS, THE RANGE OF ISSUES AFFECTING SMALL BUSINESS IS BROAD. THEIR GOALS ARE OFTEN AT ODDS WITH THOSE OF LARGE BUSINESS.

SMALL BUSINESS NEEDS OUR ATTENTION AND SUPPORT. THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS PROVIDES A FORUM FOR IDENTIFICATION AND UNDERSTANDING OF ACTIONS NECESSARY TO CONTINUE THE DEVELOPMENT AND GROWTH OF OUR WORKFORCE AND ECONOMY.

I WANT TO THANK THE WITNESSES FOR THEIR CONTINUING EFFORT ON BEHALF OF THE SMALL BUSINESS COMMUNITY AND FOR TAKING THE TIME TO COME TO WASHINGTON TO SHARE THEIR VIEWS WITH US.

MR. CHAIRMAN, I LOOK FORWARD WITH INTEREST TO THE TESTIMONY THAT WE WILL RECEIVE THIS MORNING.

STATEMENT BY SENATOR ALFONSE M. D'AMATO

BEFORE THE SMALL BUSINESS COMMITTEE

SEPTEMBER 17, 1987

MR. CHAIRMAN, I WOULD LIKE TO WELCOME TO THE SMALL BUSINESS COMMITTEE THIS MORNING OUR DISTINGUISHED PANEL OF WITNESSES WHO WILL BE DISCUSSING LEGISLATION WHICH CALLS FOR PERMANENT AUTHORIZATION FOR WHITE HOUSE CONFERENCES ON SMALL BUSINESS.

THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS IS IMPORTANT IN THAT IT ACTS AS A BAROMETER INDICATING THE MAJOR ISSUES AFFECTING SMALL BUSINESSES AND SETTING THE TONE OF GOVERNMENT SMALL BUSINESS POLICY FOR YEARS TO COME. IN 1980, ITS DELEGATES PRODUCED A LIST OF 60 RECOMMENDATIONS, OF WHICH SOME 60% WERE ENACTED WHOLLY OR IN PART, RANGING FROM DEALING WITH THE FEDERAL BUDGET DEFICIT TO PROVIDING ADEQUATE GOVERNMENT RESEARCH SPENDING. THE MOST RECENT CONFERENCE, IN 1986, PRODUCED A 60-ITEM PRIORITY LIST INCLUDING TEN TOP ISSUES THAT WERE PRESENTED TO THE PRESIDENT AND TO CONGRESS.

THE FREQUENCY OF THE LAST TWO CONFERENCES APPEARS TO DEMONSTRATE AN AWARENESS ON THE PART OF THE SMALL BUSINESS COMMUNITY OF ITS IMPACT UPON GOVERNMENT POLICY. THE 1980

CONFERENCE WAS THE MOST RECENT SINCE THE FIRST MEETING CALLED BY PRESIDENT FRANKLIN ROOSEVELT IN 1938. ANOTHER CONFERENCE WAS HELD IN 1986 WHICH INCLUDED, AMONG OTHER THINGS, A DELEGATE BODY COMPRISED OF 35% FEMALE ENTREPRENEURS WHICH IS DOUBLE THEIR 1980 PERCENTAGE.

THE LEGISLATION THE COMMITTEE IS CONSIDERING THIS MORNING, S. 818, WOULD REQUIRE THE PRESIDENT TO CALL A WHITE HOUSE CONFERENCE EVERY FOUR YEARS. THE IMPENDING INSTITUTIONALIZATION OF THESE CONFERENCES WOULD ABOLISH THE SPONTANEITY OF PAST CONFERENCES. IT IS ALSO POSSIBLE THAT SMALL BUSINESS' INFLUENCE UPON CONGRESS WOULD BE DEVALUED DUE TO THE GREATER FREQUENCY OF CONFERENCES.

I LOOK FORWARD TO THE TESTIMONY OF OUR WITNESSES THIS MORNING AND HOPE THAT THEY CAN PROVIDE SOME INSIGHT INTO THE PERMANENT AUTHORIZATION OF THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS.

THANK YOU, MR. CHAIRMAN.

The CHAIRMAN. Mr. Swain, please proceed.

STATEMENT OF HON. FRANK SWAIN, CHIEF COUNSEL, U.S. SMALL BUSINESS ADMINISTRATION

Mr. SWAIN. Would you like me to submit my statement for the record?

The CHAIRMAN. I would indeed.

Mr. SWAIN. It is a short statement and I will submit it for the record and briefly paraphrase it. First of all, I appreciate your holding this hearing, and I also would offer my congratulations to Senator Domenici for having the interest in small business and the initiative to offer this legislation.

My own personal experience has been that the Senator has been a strong supporter of business. He was the original sponsor to the Equal Access to Justice Act and did an excellent job in looking out for the interest of the small business in his capacity as Chairman and Ranking Member of the Budget Committee.

I appreciate your invitation to join you this morning. The 1986 White House Conference on Small Business was an important opportunity for small business owners to send a message to Washington.

The conference has had a direct impact on several key issues affecting small businesses, and I hope that there are future conferences. I do believe that Congress should consider several factors before deciding to have the conference be a permanent regularly scheduled occurring event.

I think that last year's conference and the 1980 conference were significant and important events. They accomplished three important goals. First of all, they sent a very powerful message to Washington reflecting the concerns of the people. The problem with small business, as we all know, is it is sometimes characterized as being a mile wide and an inch deep. Small businesses have different sorts of problems, so the conference apparatus is helpful in achieving a prioritization of those problems in addition to the issues of interest to the particular trade groups that have a general set of issues.

Second, the issues targeted by delegates at both conferences were timely. They reflected small business concerns and important policies. At the 1980 conference, if I could characterize it, the theme was, "get Government off my back and get the economy moving again." Of course, there was concern about energy prices, concern about over-regulation, there is concern about inflation.

By 1986, the economy and the role of Government had evolved significantly. Many of the 1980 recommendations had been acted upon and, in short, we had a new agenda that was relevant to thrash out and to discuss. Finally, and most importantly, I think the conferences for small business delegates as well as small business owners across the country have discovered they have much in common. The conferences were characterized, especially in 1986, by a tremendous amount of volunteer effort from private sector experts and activists.

The conference was really held, although administered via conference office by small business owners. Without the input and the

major volunteer efforts of the private sector it would not have been successful. Therefore, I believe the requirement of a regular permanent conference will not necessarily ensure the repetition of the success of the conferences we have recently had.

My reasons for this view derive from what I think are strengths and successes of the 1986 conference. The conference is really a big deal. We not only thought it was a big deal in the SBA, but we went out in the rest of the country wherever we went, it was a big deal there.

I raise as a question, and I don't have the answer to the question, but I raise the question whether we have a conference every 4 years or on some cycle, whether it will continue to get the sort of interest that this special event did excite.

I think the conference process was very open. We had a tremendous number of new people involved. We have statistics in our prepared testimony to indicate that 87 percent of the delegates in 1986 were not delegates in 1980. A large group of delegates were women in 1986. Almost one out of three delegates was a woman. That is better than in 1980. Fifteen percent of the delegates were minority. I think we can and should improve on that record.

I think that the process was wide open. I think whenever the Congress is looking at any vehicle toward continuing this conference that the emphasis be on as wide and open process as possible.

Small businesses tend to be very skeptical of Government involvement. In the early days of organizing the conference I was at enumerable meetings at which it was suggested that there was some massive conspiracy involving the White House, or the SBA, or various unknown characters to dictate the results of this conference.

Of course, that never was the case, nor could it ever be the case when you are trying to work with small businesses. They are just too independent. Again, the credibility of the conference I think is going to be in direct proportion to the involvement of the Government and a conference is going to be most credible with the least Government involvement. I think that needs to be uppermost in the minds of people when talking about how to continue this conference.

I do believe there should be better attention to small business concerns with Federal policy. We certainly encourage the small business community to continue to stay active in the wake of the 1986 conference. Small business owners are increasingly involved in political campaigns. I think that is important. They are increasingly involved in petitioning the Congress directly, individually, and through trade associations. I think that is very important.

I think that generally we have a much more sophisticated and involved Congress in the community now than we did certainly before 1980 and even before 1986. There may well be an appropriate time to hold a future conference, but I guess maybe I am exhibiting my own perspective. There is so much work to do on the 60 or so recommendations from last year's conference that I personally have a hard time focusing on when to hold another conference. There is just a lot of work to be done in the meantime.

I do think conferences are a good mechanism now and then, and we certainly would continue at the Office of Advocacy to support

those conferences whenever they are held to work for their success. Thank you, Mr. Chairman.

[The prepared statement of Mr. Swain follows:]

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STATEMENT

OF

HONORABLE FRANK S. SWAIN

CHIEF COUNSEL FOR ADVOCACY

U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE

COMMITTEE ON SMALL BUSINESS

UNITED STATES SENATE

SEPTEMBER 17, 1987

Mr. Chairman, I appreciate your invitation to join you this morning. The 1986 White House Conference on Small Business was an important opportunity for business owners to send a message to Washington. The Conference has had a direct impact on several key issues affecting small business. I hope there are future conferences. However, I do believe the Congress should consider several factors before deciding to establish the Conference as a regularly scheduled, recurring event.

Both the 1980 and 1986 White House Conference on Small Business were important events. By bringing together thousands of business owners in dozens of meetings, the Conference process accomplished three important goals:

-A clear, powerful message reflecting the concerns of widely disparate small businesses was developed and delivered to Washington. Small business owners realized that Federal policymakers were interested in their ideas.

-The issues targeted by delegates to both Conferences were timely; they reflected Small business concerns with important policies. By 1986, many of the top recommendations from 1980 had been acted on. The economy in 1986 had changed and the agenda in Washington had moved on to different issues. In short, each Conference responded to a need to focus on a different and new group of issues.

-The Conference marked a coming-of-age for small business. Delegates, as well as small business owners across the country, have discovered that they have much in common, that they share concerns and hopes for Federal policy. This self-awareness was reflected in the high degree of small business participation in the Conference organization. More than 1500 private sector issue experts volunteered to lead discussions at state meetings. An equal number served on local steering committees. Over 100 volunteers helped write issue materials. This was not a White House or SBA-run event. Without small businesses working on this Conference, it would not have occurred.

I believe the requirement of a regular, permanent Conference will not necessarily assure the repetition of the successful conferences we have recently held. My reasons for this view derive from my view of the strengths and successes of the Conference. Chief among the strengths was the role and commitment of each of the participants. The Conference was an extraordinary event. Small business owners were so concerned about several issues that they lobbied Congress and the Administration to hold the 63 state and regional meetings and the national conference. The Conference received much attention in each state. More than 20,000 business owners attended state conferences to spend all day debating issues. They did this at their own expense and on their own time. The openness of the delegate election process permitted a large number of new small business activists (87 per cent of delegates were not delegates in 1980) including a large number of women (28 per cent) and minorities (15 per cent) to participate. The number of appointed delegates was small -- only about one-third of the total. The recommendations are substantive and reflect the views of small business owners who drafted them.

We should hold conferences when small business owners themselves feel a need for one and when the issues require a new look. Whether that is four or fourteen years from now is not predictable. The agenda outlined in August 1986 is still very real, its importance has not diminished. Our efforts should focus on implementing those recommendations.

I understand and share the concern for better attention to small business concerns with Federal policy. A White House Conference is one of several ways to increase consideration of those views. Small business owners and White House Conference delegates need to be involved in political campaigns, they need to be involved in trade associations, and they need to be involved in policy debates here on Capitol Hill. A conference adds to, but is no substitute for these activities. A regularly scheduled conference may well become an excuse to postpone action on small business issues and direct small business advocates away from achieving substantive accomplishments. Direct involvement in the governmental process by lobbying, by participation in political campaigns, and by joining trade associations are ways of encouraging Congressional attention to small business and deserve the full focus of activists.

While we all would hope that Congress and administrative agencies will be so aware of the importance of small business that a new White House Conference will never be needed, that is unlikely to be the case. I look forward to future White House Conferences which are characterized by the spontaneity and small business energy which made last year's Conference such a success.

The CHAIRMAN. What did the 1986 White House Conference cost the Federal Government?

Mr. SWAIN. I don't have the exact figures. I think it was in the range of $4.5 to $5 million, and I think that is a fairly accurate figure because the restrictions in the law were fairly specific that the SBA could not do a lot of out of pocket. We have calculated that the actual cost of the conference might be in the range of $15 million, which would indicate that about $10 million donated either directly or in kind from private sector sponsors and from the expenses from individuals attending the conference.

So the Federal investment was fairly minimal.

The CHAIRMAN. How important do you think the President showing up and addressing that conference is? Or is it important?

Mr. SWAIN. I think it is always important.

The CHAIRMAN. Do you know why President Reagan did not address or appear before the 1986 conference?

Mr. SWAIN. I believe the reason was the conference was scheduled in August, and the President was out of town and the Congress was out of town. That is the reasons that were stated by the people in the conference, and I don't have any knowledge beyond that, Mr. Chairman.

The CHAIRMAN. Scheduling could be a problem. We ought to make sure we do it sometime when we know he is going to be in town and Congress is in session, shouldn't we?

Mr. SWAIN. Very much so. I think that is absolutely essential.

The CHAIRMAN. Who should set the date for the conference? The White House or the Congress?

Mr. SWAIN. I don't have any particular point of view on that, Mr. Chairman. I don't think it is important as long as they set a good date, to be honest. I was involved in some of the work that went in setting that date. We did not like the August date ourselves, but Congress set a deadline that the conference has to be accomplished by September 1, 1986. We would have preferred to hold the conference later than that so the President would be in town and Congress would be in town.

On the other hand, there is some sensitivity to it being an election cycle, a Congressional election cycle such as we had in the fall of 1986. I suppose if there were a perfect time to hold a conference it would be in the spring of a non-election year.

I regard the setting of the date as a non-political decision just as a conference management decision, and we ought to do better the next time there is one.

The CHAIRMAN. I agree with that, but as they said about heating up the Atlantic Ocean, that is just one of the little details we are going to have to work out.

Let me ask you about larger interest groups. There are people that feel that some of the larger interest groups in the country actually dictated the 1986 agenda. Whether that is true or not, do you have any feelings as to how we make sure that this is a genuine small business White House Conference?

For example, in 1986 I think there was a massive effort by some interest groups to get the conference to go on record as opposing SBA and recommending the abolition of the SBA. I happen to disagree with that. I think the SBA needed some fine tuning, but I

certainly did not want to abolish it. I know some interest groups in this country that did and used that as a forum to try to accomplish that. They were not small business people, either. I am talking about some of the big business people who resent SBA.

How would you limit that? Or would you?

Mr. SWAIN. I am not sure I entirely agree with the premise of your question. I think there was a lot of debate about the SBA at the conference and there are a number of different perspectives. Very few people at the conference that I was aware of were interested in abolishing SBA, but what should be done in the continuum of keeping it as it is, or massive change, or slight change.

It was hard to get a consensus on it and that is why we had some pretty vigorous debates. But the question that you asked, whether it involves SBA or tax issues or whatever is a very important question. I think the most important thing that the Congress did in enacting the law that was the basis for the conference was to limit the delegate participants to people that were small business people. That in effect said, "if you want to go in and be part of a conference process that is a voice for small business, you have to be a small business owner."

I think that that process worked fairly effectively. I am not sure, Mr. Chairman, what to recommend to guard against concerns such as you express, beyond allowing for a multiplicity of conferences, because the more meetings you have the more difficult it is for anyone person to control the whole process.

I think a lot of conferences and requiring the conference delegates to be small business people are the best things that can be done. I don't think that if a trade group attempts to organize delegates in a conference in a caucus-like way that there is anything wrong with that. In fact, that should be encouraged. It is part of our political process. We are not nominating people. We are nominating issues, and that will go on regardless of any restrictions we can think about.

The CHAIRMAN. You received $300,000 in contributions from the private sector in 1986. Do you think institutionalizing the White House Conference and saying it is going to be held every 4 years would dampen people's enthusiasm to contribute to it?

Mr. SWAIN. I think it would be a different sell. When I went into institutions last year and said wouldn't you like to participate in this conference in some way, we obviously argued that it was a unique event, that it was something that the train was leaving the station and they needed to get on it now. We didn't know when it was going to happen again.

Obviously the arguments, or solicitations to private sector sponsorship might be different. However, the business community in general is a lot more interested in small business than it use to be. It may well be that a different approach would be effective.

Let me mention one thing. I think part of the issue is, does the small business community want another conference that is focused on governmental issues? We have a lot of people that say why don't you teach us how to use a computer? Why don't you teach us how to use spreadsheet programming in our business?

If we had that aspect to the conference, we undoubtedly would have gotten a lot of interest from the computer companies. There is a lot of ways to skin the cat on this.

The CHAIRMAN. Didn't you have a lot of displays at this conference?

Mr. SWAIN. We did at the National Conference, but there weren't any displays at the State and regional level. I frankly think there was a place for that if we had been able to get that ball rolling, and we would have gotten a lot more corporate sponsorship had we been able to do that.

The CHAIRMAN. Finally, Senator Quayle and I got an amendment passed in the Senate the other day. I don't know whether it will ever get to the President's desk or not, but it says anytime we set up a new program there has to be a cost analysis.

Since this would in effect be a new program, we would also have to do a cost analysis, and I don't know what the cost of that would be. Probably a couple hundred thousand dollars. So you have to add that cost to it, too. Let me say I am not on-board or off-board of this proposal, but I sort of like the spontaneity and the way we have done it in the past.

When you talk about the politicization, that is something you want to talk about in trying to make sure these things are non-political as possible so that small business people have an honest opportunity to express their concerns and not the concerns of the White House maybe who have some agenda that is unrelated to that because they want a program, a piece of legislation, and so on.

I gave up on that. Everything sounds politicized and it is always going to be that way, so I am not even going to raise that issue. You can't keep politics out of anything.

What percentage of the recommendations of the 1986 White House Conference have been implemented either by law or by Executive order?

Mr. SWAIN. A very small percent. Certainly the two major things that I can point to are, number one, the reauthorization of the Small Business Administration has a permanent, or for whatever term the reauthorization is for. So the SBA is here and hopefully it is here to stay without the massive criticism that we have had in the past years.

Second, the Congressional reauthorization of the SBIR Program, the two recommendations that Congress has clearly acted on since the White House Conference.

If you take a look at the other recommendations, they are very tough issues that involve small business and international trade. As you well know and as this Committee well knows, you have had several hearings on employee benefit issues because that was a primary concern.

They are very tough issues and I think the small business delegates did the job. It is going to be difficult to develop a score card that says we are batting 300 or 600. I think many of these issues will be with us for a long time.

The CHAIRMAN. Are you satisfied with the way the delegates are selected under this bill?

Mr. SWAIN. Yes. Generally speaking, I think the delegate selection process works best when it is limited to small business owners, and when it emphasizes elected delegates over appointed delegates.

Senator BOND. Thank you, Mr. Chairman, you certainly didn't intend to imply that we—because of all the recommendations, we ought to wait until all the recommendations are acted on before we have another Small Business Conference, did you?

Mr. SWAIN. Certainly not, Senator. I think we'd be waiting for a very long time indeed.

Senator BOND. Wasn't having one of these conferences every 4 years one of the recommendations?

Mr. SWAIN. Yes, it was. That would at least be a step in the right direction.

Senator BOND. Is there anything wrong with the White House Conference saying one of the great needs of small business is to learn more about spreadsheets and have more attention to computers in small businesses.

Mr. SWAIN. No, absolutely not. I don't mean to imply that the legislation, either the past legislation or this legislation precludes this.

I'm just suggesting that the concerns of the small business community tend to be very broad, and there are different ways of having the conference than having it done exactly the way we had in 1986, and 1980.

Senator BOND. I assume that what the Small Business Conference did is pretty good advice for the SBA. Have you improved or expanded upon the programs to teach small business people how to use spreadsheets?

Mr. SWAIN. I think that that's an issue that is uppermost in the minds of the folks at the SBA as the general issue of what's the best way to deliver management counseling programs.

I believe this Committee is holding an oversight hearing on one aspect of that issue, next week with the SBDC.

Senator BOND. Well, I am a cosponsor of this measure, so obviously you know where I'm coming from but, I would be interested to know if you have taken that recommendation, or at least that voiced concern into planning the work of the SBA, with respect to spreadsheets in particular.

Mr. SWAIN. Well, I would prefer to get back to you, Mr. Bond, with a better answer after I check with some of the people at the SBA who are a little bit more involved with that specific parts but I do know that we are very much aware that this is one of the areas where we are getting the most small business inquiries. As you may know, we have a Computer Crime Task Force.

There are a number of things going on, and I think that we would like to put greater exposure on this type of management advice than we have been able to in the past.

Senator BOND. And, on a continuing basis of a 4-year conference would give a regular opportunity for the SBA to hear from the group they're supposed to serve.

Mr. SWAIN. Without a doubt. But we don't wait every 4 years to listen to small business, obviously.

Senator BOND. I would hope not.

Mr. SWAIN. We do it every day.

Senator BOND. When you say that the credibility of the conference depends upon the least governmental involvement, wouldn't the establishment of it, say perhaps in the spring of non-election years, ensure that it is not utilized by some administration, Republican or Democrat, as a political forum?

Wouldn't we be well advised to consider legislation saying we're going to have one, come hell or high water, in 1991, spring of 1991?

Mr. SWAIN. I think that if you're asking me for my own personal, individual preference, I guess my preference would be that the Congress have legislation that says we will have one at a certain time.

Then my own recommendation would be in the spring of a non-election year, or in the spring of an election year.

You see, the problem is the conference in Washington, the final conference, is the culmination of 2 years of preliminary conferences.

We have conferences in St. Louis and Kansas City, and 61 other places, leading to that. That is almost a 2-year process to get those done.

So, you can't ever get politics totally out of it. But you do need, I think, to stay as far away as possible from these quadrenial elections, the Presidential election and preferably away from the congressional elections as well just to avoid the charges that people are posturing for a certain candidate.

That really didn't occur, but it affects the credibility of the conference, because people think it is occurring.

Senator BOND. But nevertheless, it would be a good forum, and frankly, I wouldn't see any reason to attempt to depoliticize it because, when they are talking about legislative issues, they are in fact talking about issues that are going to be solved in the political arena.

Mr. SWAIN. Absolutely.

Senator BOND. I would share your view that there are probably steps we can take in establishing a date that would minimize the effect on an election.

What it ought to be doing is to give us an opportunity as legislators, and you as administrators, the chance on a formal basis to here the views of those people who have worked their way up through the conferences, and who have shown an interest and carry views.

It is an advisory operation, and one which at least in my State has generated a great deal of interest and a lot of enthusiasm and support for small business people who feel now, unlike sometimes in the past, they do have a voice.

Whether we accept their recommendations or not, at least it affords a mechanism for them to express those views. I trust you wouldn't disagree with that?

Mr. SWAIN. No, I don't disagree at all, Senator.

Senator BOND. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Swain, it seems to me one thing we might do to minimize the political impact of this would be to have it in off election years. Instead of having it in 1988, for example, we could have it in 1990. You don't have any feelings about it one way or another?

Mr. SWAIN. I don't think it should be in a Presidential election year.

The CHAIRMAN. It's gotten to where every year is a Presidential election year. The minute the next election is over, Dave Broder and all the rest of them will start speculating on 1992. [Laughter.]

Mr. SWAIN. In the spector of White House involvement, I remember participating as a small business lobbyist in the 1980 conference at that point, there was great concern that the Carter White House is trying to control it. So it is inevitable.

The CHAIRMAN. Frankly, I think they were. But you can see what it got them. [Laughter.]

Mr. Swain, thank you very much.

Senator Domenici is still not here, so we'll proceed with our panel, which is Mr. Donald Edwards, founder and owner of N. Donald Edwards Associates, Inc., a motivational marketing service in Stamford, CT.

Mrs. Lucille Wilson, vice president of Rob Wilson Motors in Malvern, AR; and above all, my good friend, Mr. Jay Vander Ploeg, president of Ship Pac Corporation of Kalamazoo, MI. His company manufactures and distributes industrial packaging material.

Lucille, gentlemen, welcome to the hearing this morning. Lucille, to prove that I don't have any discriminatory bones in my body, we'll start off with you.

STATEMENT OF LUCILLE WILSON, VICE PRESIDENT, ROB WILSON MOTORS, MALVERN, AR, ACCOMPANIED BY DONALD C. BERNO, ACTING DIRECTOR, SMALL BUSINESS CENTER, U.S. CHAMBER OF COMMERCE

Mrs. WILSON. I am appearing today on behalf of the U.S. Chamber of Commerce. I serve as a member of the Council of Small Business.

Accompanying me is Donald C. Berno, acting director of the Small Business Center at the chamber. With the Committee's permission, I would like my entire statement to be placed in the record.

The CHAIRMAN. It will be, Lucille.

Mrs. WILSON. I am very pleased to have the opportunity to testify before you concerning S. 818, which would authorize permanently a White House Conference on Small Business, to be held every 4 years.

The chamber and I commend your efforts to assist the small business community in establishing a legislative and political agenda that will allow small business to continue it's leadership in contributing to the economic health of this country.

I have structured my remarks in response to the questions contained in your invitation to testify.

First, a conference should be held as needed, not necessarily every 4 years. I believe that there is no need for a conference until most recommendations of the prior conference have been acted upon. To allow between 18 and 24 months for the preliminary State and regional meetings to be completed. The first State meetings would need to begin 2 years after the previous conference was completed.

This 2-year interval between the completion of one conference and the beginning of the next would provide insufficient time for the Congress and the administration to act on most of the recommendations of the preceding conference.

Second, Congress, the White House, and the Small Business Administration, should play a smaller organizational and financial role in each successive conference.

However, after two conferences, the Federal Government still has an important role to play as an advocate for small business.

You must continue to reinforce national awareness of small business' contribution in the areas of employment, productivity, innovation, research, and development.

Just as important, it should continue to foster the political and economic self awareness that the small business community needs to make its concerns, and strengthen into the American people.

I would like to make a personal comment here. I believe there was an unnecessary duplication of effort on the part of the Government in the 1986 conference.

The Small Business Administration and the conference staff often appeared to be competing at each other and the competition developed between the SBA staff and the office staff as to who would lead SBA involvement in the conference.

The legislation that authorizes the next conference should address that problem directly.

However, the time has come to place more reliance on the private sector with regard to the organization and the funding of the conference.

As a member of the 1980 Arkansas delegation to the conference, I was proud that the delegates voted not to accept reimbursement for the travel expenses incurred in coming to Washington.

Also I would like to say that it was the State of Arkansas that made that motion before the conference. I believe that the small business community is ready, willing, and able to bear more of the overhead expenses involved in the conference.

Small business owners are a very proud group of individuals, and they certainly would want to be consistent with their 1980 and 1986 recommendations to reduce Government spending by bearing more of the expenses of each conference.

As the Committee knows, the private sector sponsored a Small Business National Issues Conference in 1984 that was funded entirely by the small business community.

Third, the conference agenda should be reasonably consistent from one conference to the other. Maintaining consistent agendas is essential to the providing of new data to update the previous conference's recommendations.

Perhaps two or three agenda items could be changed each year to reflect issues of most interest to the small business community, as it was done in 1986 with the liability insurance issue.

Again, I would like to interject my personal opinion. I note that Section 3 of S. 818 requires the conference to examine the status of minorities and women as small business owners.

As a woman business owner, I do not believe that it is necessary. All businesses, regardless of who is owner or president have a number of common problems.

Women and minority owners have other forums where there are specific concerns. A White House conference, regardless of the administration under which is held, should address problems of all businesses without regard to sex or race of the owner.

Also, delegates should be limited to the owners and officers who are stockholders of small business. The 1986 conference had guidelines for delegate qualifications, but the guidelines were not followed in all instances.

If and when you authorize the next conference, Congress may want to consider a length of business requirement for delegates.

For example, 3 years as an owner or officer of a small business. This requirement would be helpful in developing a level of expertise by all delegates relative to the broad array of problems facing a small business in its daily operations.

As a delegate to the 1980 White House Conference on Small Business, during a Democratic administration, and as a delegate to the 1986 White House Conference during a Republican administration, I do not believe that the recommendations of either conference were affected by partisan politics.

It appeared that most of the delegates were willing to support any party that would act upon their recommendation. I believe you asked some question about that and I do have a few opinions that might be helpful. In addition, conferences should be held when Congress is in session.

The support of Congress is needed both before and after the conference. This Committee, and small business in general is aware of the conflict between the recommendations of the 1986 conference and the current legislative agenda of the 100th Congress.

In conclusion, I would like to stress to the Committee that the White House Conference on Small Business is a critical component of the further development of small business in this country.

However, the conference should be held only when it is needed. The chamber looks forward to working with the Committee and with Congress as a whole on the details of this proposal.

This concludes my testimony. I will be happy to try and answer any questions you may have.

[The prepared statement of Mrs. Wilson follows:]

Statement of the U.S. Chamber of Commerce

ON: THE "WHITE HOUSE CONFERENCE ON SMALL BUSINESS" AUTHORIZATION

TO: SENATE COMMITTEE ON SMALL BUSINESS

BY: LUCILLE WILSON

DATE: SEPTEMBER 17, 1987

The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest federation of business companies and associations and is the principal spokesman for the American business community. It represents approximately 180,000 businesses and organizations, such as local/state chambers of commerce and trade/professional associations.

More than 91 percent of the Chamber's members are small business firms with fewer than 100 employees, 58 percent with fewer than 10 employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business--manufacturing, retailing, services, construction, wholesaling, and finance--numbers more than 11,000 members. Yet no one group constitutes as much as 29 percent of the total membership. Further, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the 56 American Chambers of Commerce Abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross section of its members serving on committees, subcommittees and task forces. Currently, some 1,800 business people participate in this process.

STATEMENT
on
THE "WHITE HOUSE CONFERENCE ON SMALL BUSINESS" AUTHORIZATION
before the
SENATE COMMITTEE ON SMALL BUSINESS
for the
U.S. CHAMBER OF COMMERCE
by
LUCILLE WILSON
September 17, 1987

I am Lucille Wilson, Vice-President of Rob Wilson Motors in Malvern, Arkansas. I am appearing today on behalf of the U.S. Chamber of Commerce; I serve as a member of its Council of Small Business. Accompanying me is Donald C. Berno, Acting Director of the Small Business Center at the Chamber.

I am very pleased to have the opportunity to testify before you concerning S. 818, which would authorize permanently a White House Conference on Small Business to be held every four years. The Chamber commends your efforts to assist the small business community in establishing a legislative and political agenda that will allow small business to continue its leadership in contributing to the economic health of this country.

I have structured my remarks in response to the questions contained in your invitation to testify.

First, a Conference should be held as needed, rather than every four years. I believe that there is no need for a Conference until most of the recommendations of the prior Conference have been acted upon.

To allow between 18 and 24 months for the preliminary state and regional meetings to be completed, the first state meetings would need to begin two years after the previous Conference was completed. This two-year interval--between the conclusion of one Conference and the beginning of the next one--would provide insufficient time for Congress and the Administration to act in a substantive manner on the recommendations of the preceding Conference.

Second, Congress, the White House, and the Small Business Administration should play a smaller organizational and financial role, in each successive Conference. However, even after two Conferences, the federal government still has an important role to play as an advocate for small business. The federal government must continue to reinforce national awareness of small business's contributions in the areas of employment, productivity, innovation, research, and development. Just as important, it should continue to foster the political and economic self-awareness that the small business community needs to make its concerns and its strengths known to the American people.

However, the time has come to place more reliance on the private sector with regard to the organization and funding of the Conference. As a member of the 1980 Arkansas delegation to the Conference, I was proud that the Conference delegates voted not to accept reimbursement for the travel expenses incurred in coming to Washington. I believe that the small business community is ready, willing, and able to bear more of the overhead expenses involved in the Conference. Small business owners are a very proud group of individuals, and they certainly would want to be consistent with their 1980 and 1986 recommendations to reduce government spending by bearing more of the expenses of these Conferences. As the Committee knows, the private sector sponsored a Small Business National Issues Conference in 1984 that was funded entirely by the small business community.

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Third, the Conference agenda should be reasonably consistent from one Conference to another. Maintaining consistent agendas is essential to allowing new delegates to update previous Conferences' recommendations. Perhaps, two or three agenda items could be changed each year to reflect the issues of most interest to the small business community, as was done in 1986 with the liability insurance issue.

Also, delegates should be limited to owners and/or officers of small businesses. The 1986 Conference set guidelines for delegate qualifications, but the guidelines were not followed in all instances. If and when Congress authorizes the next Conference, Congress may want to consider a "length of business" requirement for delegates--for example, three years as an owner or officer of a small business. This requirement would be helpful in developing a level of expertise by all delegates relative to the broad array of problems facing a small business in its daily operations.

Finally, as a delegate to the 1980 White House Conference on Small Business during a Democratic administration, and as a delegate to the 1986 White House Conference during a Republican administration, I do not believe that the recommendations of either Conference were affected by partisan politics. It appeared that most of the delegates were willing to support any party that would act on their recommendations.

In addition, Conferences should be held when Congress is in session, and the support of Congress is needed both before and after the Conference. This Committee is well aware of the conflict between the recommendations of the 1986 Conference and the current legislative agenda of the 100th Congress.

In conclusion, I would like to stress to the Committee that the White House Conference on Small Business is a critical component of the further development of small business in this country. However, any Conference should be held when it is needed--not at some arbitrary time.

The Chamber looks forward to working with the Committee and with Congress as a whole on the details of this proposal.

This concludes my testimony. I will be happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much, Lucille. Mr. Edwards.

STATEMENT OF N. DONALD EDWARDS, PRESIDENT, N. DONALD EDWARDS ASSOCIATES, STAMFORD, CT

Mr. EDWARDS. Thank you for according me the opportunity to testify and examine the issues relating to S. 818, the bill to provide permanent authorization for a White House Conference on Small Business.

During the 1980 White House Conference, I was a Presidentially-appointed delegate, appointed to the Legal Affairs Committee.

For the 1986 White House Conference, I was elected delegate from Connecticut, and served as Commissioner of Education and Training.

I feel very strongly about the continuation of the White House Conference on Small Business on an every 4-year basis, and I urge your support of this bill for the following reasons:

to increase public awareness of the essential contributions of small business in America, and to play an important organizational role in which small business can respond;

to assist small business in carrying out its role as the Nation's job creator;

to examine the status of minorities and women as small business owners; and

to assemble small business to develop specific and comprehensive recommendations for executive and legislative action as appropriate for maintaining and encouraging the economic viability of small business and our economy.

There is a great need to let Government know what small business people think, the same as unions and large corporations have done for years.

We are a weak voice with a powerful message. The significant accomplishments of the 1980, and now the 1986 conferences, which without the conferences would never have taken place.

These concrete accomplishments speak louder than anything possible in showing the importance and value of the White House Conference on Small Business.

I feel that it is important for you to know that the National Federation of Independent Business [NFIB], endorses this bill and encourages its passage. So as to ensure a White House Conference on Small Business during each Presidential term.

NFIB is currently the largest small business association in America, with more than 500,000 members. The typical NFIB member firm has between 10 and 12 employees.

As a director of the Smaller Business Association of New England [SBANE], headquartered in Waltham, MA, I reviewed my testimony to this Committee with Mr. Lew Shattuck, the SBANE president.

He surveyed the 30-member board of directors, and they were unanimous in their support of S. 818. SBANE is the oldest regional small business association in America. We have over 1,800 members throughout the six New England States.

Furthermore, I also consulted with Mr. John Satagaj, president of the Small Business Legislative Council [SBLC], which was estab-

lished in 1976. It now has 90 member associations. SBLC is an independent, permanent coalition of trade and professional associations whose members are predominately small business.

In a ballot survey at its September 10 board meeting, 12 of the directors in attendance voted unanimously in support of S. 818, authorizing a permanent White House Conference on Small Business every 4 years.

The response from all three of these small business organizations, NFIB, SBANE, and SBLC, is very positive and very supportive of S. 818.

By voting favorably for this legislation, the Congress would also be effectively following through on recommendation number 50 from 1986 conference, which called for scheduling a similar conference every 4 years while Congress is in session.

A permanent White House Conference on Small Business every 4 years, providing a dialogue between America's small firms and the legislative and executive branches is essential in order to keep our economy prosperous, to assist in increasing productivity, and to continue to create jobs. America's small business enterprises are the economic engine necessary to turn the wheels of America forward.

You have asked me to address the question as to what role should Congress, the White House, and SBA play. Last year, Congress was not in town; the President was on vacation and the fate of the Small Business Administration was very much up in the air, owing to the administration's desire to disband it.

Moreover, the post of executive director for the conference remained unfilled for months leading up to the event. Happily, the eventual appointee was the very able Ralph Stanley.

It should be clear that this scenario could be substantially improved. One obvious way would be to schedule the event at an appropriate time.

Official speeches to delegates on the importance of small business can have a hollow ring when the company's leaders are all out of town in the dead of summer.

If entrepreneurs from far and wide take the time away from their businesses to come here and have their say, then our policy makers ought to extend the courtesy of being here to listen. It's that simple.

A related concern you asked me to address is whether the 1985 conference was free of partisan politics. My answer to that is an emphatical yes.

Perhaps it was an anomoly, but the question of party affiliation never came up at any meetings, at any sessions, or when rolled up our sleeves, and pounded out the proposed legislation.

Obviously, we didn't operate in a vacuum and conditions can change. Political neutrality should be safeguarded.

Another element that should be preserved from past experience is the sense of activism, purpose, and achievement among those involved. Without doubt, these qualities largely resulted from a hands-on approach, unencumbered by labyrinthine official channels.

We therefore urge caution against fattening the bureaucratic goose. We would hate to see the spontaneous, grassroots enthusiasm strangled by redtape.

In this respect, the last White House Conference seems to have gone off smoothly with ad hoc machinery. Some may oppose establishing a permanent White House Conference on the grounds that bureaucratic growth and obfuscation are inevitable.

Though it has merit, this position runs the risk of throwing the baby out with the bathwater.

Making an institution of the White House Conference on Small Business will accomplish the following worthy aims:

It will give voice to people who by the very nature of their contribution to our country have difficulty making an impact in this town.

Unlike the defense industry, the utilities and the like, entrepreneurs do not muster the sophisticated lobbying apparatus so dear to our legislative process. In the aggregate, however, they can have an impact.

This is not to slam big business by any means. Major industries are right to use their resources to convey their views but the legitimate interests of entrepreneurs are apt to get lost in the shuffle. It's just a matter of equity to ensure that issues critical to smaller business which are, after all, the driving force for job creation in our economy have an attention-grabbing, regular forum.

Why regular? That brings us to the second reason to make the conference permanent. Do you remember President Eisenhower's Cabinet Committee on Small Business?

It issued progress reports in 1956 and in 1958. No one doubted the panel's sense of purpose; no one can deny that some of its recommendations became law. But almost no one can remember, either.

Small business is just too important to treat this way, to appease only when political prudence dictates. It is proper to solidify the conference's status, if only to shelter it from the political breezes that have been known to whip up from time to time.

Once the conference has been safeguarded, another benefit will accrue; predictability. Not a predicability of outcome, but of opportunity. This will foster efficiency at the grassroots level. It will allow small business constituencies to organize effectively. It will help them hone their priorities and strategies. Delegates will know that if they cede one point this year, they can return better prepared to win it next time.

Continuity, so long as it is not allowed to deteriorate into mere routine, will bolster progress. I am particularly concerned that future conferences profit from an institutional new memory. It would be a shame that if all the hard work of previous delegates went by the boards. Therefore, I think it's important that when a new conference gears up, a review of unfinished business be part of the process.

Future conferences will provide a mechanism to review the status of recommendations adopted at preceding conferences. The question remains however, "Is anybody really listening?"

The fervor and preparation evidenced by delegates last year would strike any observer as impressive. That's part of the reason

why major businesses lend assistance to the conference and show up in great numbers at its events.

Price Waterhouse, for instance, has been a major supporter of both conferences. I invited comment from that firm in preparation for my appearance here today. I can vouch for their commitment to emerging businesses.

I can also tell these professionals see the future in the nascent enterprises of today. They know that many of their largest and most lucrative clients were garage workshop ideas not so long ago; that many of their smaller clients have grown dramatically, thanks to a favorable climate nurtured in part by legislation, such as Apple Computer, Wang, and Hewlitt-Packard.

The point is, we all have a stake in the success of America's smaller businesses. And entrepreneurs are willing to take the responsibility, if given the chance, to advocate the measures that will enhance their contribution to our economy.

The proof is in the impetus their two conclaves have given to your legislative agenda.

With its grassroots, town meeting-like framework, a White House Conference on Small Business stands for the best principles in our democracy: Initiative, representative participation, and advocacy born of free-wheeling dialogue.

The two White House conferences have galvanized entrepreneurs throughout the country. They have sparked the hope that progress that can be fostered through the democratic process.

They have offered an outlet really unparalleled for clarity and cohesion. They should not be allowed to limp into oblivion nor their promise allowed to wither.

I earnestly recommend to you approving the passage of S. 818. Thank you.

[The prepared statement of Mr. Edwards follows:]

Testimony Presented

to the

United States Senate Committee on Small Business

September 17, 1987

Presented By:
N. Donald Edwards
Stamford, Ct. 06902

1980 - Presidential appointed Delegate to the White House Conference on Small Business. Appointed to the Legal Affairs Committee.

1986 - Elected Delegate from Connecticut. Appointed Commissioner of Education and Training.

THANK YOU FOR AFFORDING ME THE OPPORTUNITY TO TESTIFY BEFORE THE UNITED STATES SENATE COMMITTEE ON SMALL BUSINESS AND TO EXAMINE THE ISSUES RELATING TO S.818 . . . THE BILL TO PROVIDE PERMANENT AUTHORIZATION FOR WHITE HOUSE CONFERENCES ON SMALL BUSINESS.

I FEEL VERY STRONGLY ABOUT THE CONTINUATION OF THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS ON AN EVERY FOUR YEAR BASIS AND URGE YOUR SUPPORT OF THIS BILL FOR THE FOLLOWING REASONS:

. . . TO INCREASE PUBLIC AWARENESS OF THE ESSENTIAL CONTRIBUTION OF SMALL BUSINESS IN AMERICA AND TO PLAY AN IMPORTANT ORGANIZATIONAL ROLE IN WHICH SMALL BUSINESS CAN RESPOND.

. . . TO ASSIST SMALL BUSINESS IN CARRYING OUT ITS ROLE AS THE NATION'S JOB CREATOR.

. . . TO EXAMINE THE STATUS OF MINORITIES AND WOMEN AS SMALL BUSINESS OWNERS.

. . . TO ASSEMBLE SMALL BUSINESS TO DEVELOP SPECIFIC AND COMPREHENSIVE RECOMMENDATIONS FOR EXECUTIVE AND LEGISLATIVE ACTION AS MAY BE APPROPRIATE FOR MAINTAINING AND ENCOURAGING THE ECONOMIC VIABILITY OF SMALL BUSINESS AND OUR ECONOMY.

THERE IS A GREAT NEED TO LET GOVERNMENT KNOW WHAT SMALL BUSINESS PEOPLE THINK, THE SAME AS UNIONS AND LARGE CORPORATIONS HAVE DONE FOR YEARS. WE ARE A WEAK VOICE WITH A POWERFUL MESSAGE.

THE SIGNIFICANT ACCOMPLISHMENTS OF THE 1980 AND NOW THE 1986 CONFERENCES WHICH, WITHOUT THE CONFERENCES, WOULD NEVER HAVE TAKEN PLACE. THESE CONCRETE ACCOMPLISHIMENTS

SPEAK LOUDER THAN ANYTHING IN SHOWING THE IMPORTANCE AND VALUE OF THE CONFERENCES.

I FEEL IT IS IMPORTANT FOR YOU TO KNOW THAT THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB) ENDORSES THIS BILL AND URGES ITS PASSAGE SO AS TO ENSURE A WHITE HOUSE CONFERENCE ON SMALL BUSINESS DURING EACH PRESIDENTIAL TERM. NFIB IS CURRENTLY THE LARGEST SMALL BUSINESS ASSOCIATION IN THE U.S. WITH MORE THAN 500,000 MEMBERS. THE TYPICAL NFIB MEMBER FIRM HAS BETWEEN 10-12 EMPLOYEES.

AS A DIRECTOR OF THE SMALLER BUSINESS ASSOCIATION OF NEW ENGLAND (SBANE), HEADQUARTERED IN WALTHAM, MASSACHUSETTS, I REVIEWED MY TESTIMONY TO THIS COMMITTEE WITH MR. LEW SHATTUCK, THE SBANE PRESIDENT. HE SURVEYED THE 30 MEMBER BOARD OF DIRECTORS AND THEY WERE UNANIMOUS IN THEIR SUPPORT OF S.818. SBANE IS THE OLDEST REGIONAL SMALL

BUSINESS ASSOCIATION IN THE U.S. WE HAVE OVER 1,800 MEMBERS THROUGHOUT THE SIX NEW ENGLAND STATES.

FURTHERMORE, I ALSO CONSULTED WITH MR. JOHN SATAGAJ, PRESIDENT OF THE SMALL BUSINESS LEGISLATIVE COUNCIL (SBLC) WHICH WAS ESTABLISHED IN 1976 AND NOW HAS 90 MEMBER ASSOCIATIONS. SBLC IS AN INDEPENDENT, PERMANENT COALITION OF TRADE AND PROFESSIONAL ASSOCIATIONS WHOSE MEMBERS ARE PREDOMINANTLY SMALL BUSINESS.

IN A BALLOT SURVEY AT ITS SEPTEMBER 10TH BOARD MEETING, TWELVE OF THE DIRECTORS IN ATTENDANCE VOTED UNANIMOUSLY IN SUPPORT OF S.818 AUTHORIZING A PERMANENT WHITE HOUSE CONFERENCE ON SMALL BUSINESS EVERY FOUR YEARS.

THE RESPONSE FROM ALL THREE OF THESE SMALL BUSINESS ORGANIZATIONS, THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB), THE SMALLER BUSINESS ASSOCIATION OF NEW ENGLAND (SBANE) AND THE SMALL BUSINESS LEGISLATIVE COUNCIL (SBLC) IS VERY POSITIVE AND VERY SUPPORTIVE OF

S.818. BY VOTING FAVORABLY FOR THIS LEGISLATION, THE CONGRESS WOULD ALSO BE EFFECTIVELY FOLLOWING THROUGH ON RECOMMENDATION NUMBER 50 FROM THE 1986 CONFERENCE WHICH CALLED FOR SCHEDULING A SIMILAR CONFERENCE EVERY FOUR YEARS WHILE CONGRESS IS IN SESSION.

A PERMANENT WHITE HOUSE CONFERENCE ON SMALL BUSINESS EVERY FOUR YEARS PROVIDING A DIALOGUE BETWEEN AMERICA'S SMALL FIRMS AND THE LEGISLATIVE AND EXECUTIVE BRANCHES IS ESSENTIAL IN ORDER TO KEEP OUR ECONOMY PROSPEROUS . . . TO ASSIST IN INCREASING PRODUCTIVITY . . . AND TO CONTINUE TO CREATE JOBS. AMERICA'S SMALL BUSINESS ENTERPRISES ARE THE ECONOMIC ENGINE NECESSARY TO TURN THE WHEELS OF AMERICA FORWARD.

YOU HAVE ASKED ME TO ADDRESS THE QUESTION AS TO WHAT ROLE SHOULD CONGRESS, THE WHITE HOUSE, AND THE SBA PLAY?
LAST YEAR, CONGRESS WAS NOT IN TOWN; THE PRESIDENT WAS ON VACATION AND THE FATE OF THE SMALL BUSINESS ADMINISTRATION

WAS VERY MUCH UP IN THE AIR, OWING TO THE ADMINISTRATION'S DESIRE TO DISBAND IT. MOREOVER, THE POST OF EXECUTIVE DIRECTOR FOR THE CONFERENCE REMAINED UNFILLLED FOR MONTHS LEADING UP TO THE EVENT. (HAPPILY, THE EVENTUAL APPOINTEE WAS THE VERY ABLE RALPH STANLEY.)

IT SHOULD BE CLEAR THAT THIS SCENARIO COULD BE SUBSTANTIALLY IMPROVED. ONE OBVIOUS WAY WOULD BE TO SCHEDULE THE EVENT AT AN APPROPRIATE TIME. OFFICIAL SPEECHES TO DELEGATES ON THE IMPORTANCE OF SMALL BUSINESS CAN HAVE A HOLLOW RING WHEN THE COUNTRY'S LEADERS ARE ALL OUT OF TOWN IN THE DEAD OF SUMMER. IF ENTREPRENEURS FROM FAR AND WIDE TAKE THE TIME AWAY FROM THEIR BUSINESSES TO COME HERE AND HAVE THEIR SAY, THEN OUR POLICY MAKERS OUGHT TO EXTEND THE COURTESY OF BEING HERE TO LISTEN. IT'S THAT SIMPLE.

A RELATED CONCERN YOU ASKED ME TO ADDRESS IS WHETHER THE 1986 CONFERENCE WAS FREE OF PARTISAN POLITICS. MY ANSWER

TO THAT IS EMPHATICALLY YES. PERHAPS IT WAS AN ANOMOLY, BUT THE QUESTION OF PARTY AFFILIATION NEVER CAME UP AT ANY MEETING, AT ANY SESSION OR WHEN WE ROLLED UP OUR SLEEVES AND POUNDED OUT THE PROPOSED LEGISLATION. OBVIOUSLY, WE DIDN'T OPERATE IN A VACUUM AND CONDITIONS CAN CHANGE. POLITICAL NEUTRALITY SHOULD BE SAFEGUARDED.

ANOTHER ELEMENT THAT SHOULD BE PRESERVED FROM PAST EXPERIENCE IS THE SENSE OF ACTIVISM, PURPOSE AND ACHIEVEMENT AMONG THOSE INVOLVED. WITHOUT DOUBT, THESE QUALITIES LARGELY RESULTED FROM A HANDS-ON APPROACH, UNENCUMBERED BY LABYRINTHINE OFFICIAL CHANNELS. WE THEREFORE URGE CAUTION AGAINST FATTENING THE BUREAUCRATIC GOOSE. WE WOULD HATE TO SEE THE SPONTANEOUS, GRASS-ROOTS ENTHUSIASM STRANGLED BY RED TAPE. IN THIS RESPECT, THE LAST WHITE HOUSE CONFERENCE SEEMS TO HAVE GONE OFF SMOOTHLY WITH AD HOC MACHINERY.

SOME MAY OPPOSE ESTABLISHING A PERMANENT WHITE HOUSE CONFERENCE ON GROUNDS THAT BUREAUCRATIC GROWTH AND OBFUSCATION ARE

INEVITABLE. THOUGH IT HAS MERIT, THAT POSITION RUNS THE RISK OF THROWING THE BABY OUT WITH THE BATH WATER.

MAKING AN INSTITUTION OF THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS WILL ACCOMPLISH THE FOLLOWING THREE WORTHY AIMS:

. . . IT WILL GIVE VOICE TO PEOPLE WHO, BY THE VERY NATURE OF THEIR CONTRIBUTION TO OUR COUNTRY, HAVE DIFFICULTY MAKING AN IMPACT IN THIS TOWN. UNLIKE THE DEFENSE INDUSTRY, THE UTILITIES AND THE LIKE, ENTREPRENEURS DO NOT MUSTER THE SOPHISTICATED LOBBYING APPARATUS SO DEAR TO OUR LEGISLATIVE PROCESS. IN THE AGGREGATE, HOWEVER, THEY CAN HAVE AN IMPACT.

THIS IS NOT TO SLAM BIG BUSINESS BY ANY MEANS. MAJOR INDUSTRIES ARE RIGHT TO USE THEIR RESOURCES TO CONVEY THEIR VIEWS. BUT THE LEGITIMATE INTERESTS OF ENTREPRENEURS ARE APT TO GET LOST IN THE SHUFFLE. IT'S JUST A MATTER OF EQUITY TO ENSURE THAT ISSUES CRITICAL TO SMALLER BUSINESS--WHICH IS, AFTER ALL, THE DRIVING

FORCE FOR JOB CREATION IN OUR ECONOMY--HAVE AN ATTENTION-GRABBING, REGULAR FORUM.

WHY "REGULAR?" THAT BRINGS US TO THE SECOND REASON TO MAKE THE CONFERENCE PERMANENT.

. . DO YOU REMEMBER PRESIDENT EISENHOWER'S CABINET COMMITTEE ON SMALL BUSINESS? IT ISSUED PROGRESS REPORTS IN 1956 AND 1958. NO ONE DOUBTED THE PANEL'S SENSE OF PURPOSE; NO ONE CAN DENY THAT SOME OF ITS RECOMMENDATIONS BECAME LAW; BUT ALMOST NO ONE CAN REMEMBER IT, EITHER.

SMALL BUSINESS IS JUST TOO IMPORTANT TO TREAT THIS WAY, TO APPEASE ONLY WHEN POLITICAL PRUDENCE DICTATES. IT IS PROPER TO SOLIDIFY THE CONFERENCE'S STATUS IF ONLY TO SHELTER IT FROM THE POLITICAL BREEZES THAT HAVE BEEN KNOWN TO WHIP UP FROM TIME TO TIME.

. . ONCE THE CONFERENCE HAS BEEN SAFEGUARDED, ANOTHER BENEFIT WILL ACCRUE: PREDICTABILITY. NOT A PREDICTABILITY

OF OUTCOME, BUT OF OPPORTUNITY. THIS WILL FOSTER EFFICIENCY AT THE GRASS-ROOTS LEVEL; IT WILL ALLOW SMALL-BUSINESS CONSTITUENCIES TO ORGANIZE EFFECTIVELY; AND IT WILL HELP THEM HONE THEIR PRIORITIES AND STRATEGIES. DELEGATES WILL KNOW THAT IF THEY CEDE ONE POINT THIS YEAR, THEY CAN RETURN, BETTER PREPARED, TO WIN IT THE NEXT TIME.

CONTINUITY, SO LONG AS IT IS NOT ALLOWED TO DETERIORATE INTO MERE ROUTINE, WILL BOLSTER PROGRESS. I AM PARTICULARLY CONCERNED THAT FUTURE CONFERENCES PROFIT FROM AN INSTITUTIONAL NEW MEMORY; IT WOULD BE A SHAME IF ALL THE HARD WORK OF PREVIOUS DELEGATES WENT BY THE BOARDS. THEREFORE, I THINK IT'S IMPORTANT THAT WHEN A NEW CONFERENCE GEARS UP, A REVIEW OF UNFINISHED BUSINESS BE PART OF THE PROCESS. FUTURE CONFERENCES WILL PROVIDE A MECHANISM TO REVIEW THE STATUS OF RECOMMENDATIONS ADOPTED AT THE PRECEDING CONFERENCE. THE IMPORTANT QUESTIONS REMAINS . . . IS ANYBODY LISTENING?

THE FERVOR AND PREPARATION EVIDENCED BY DELEGATES LAST YEAR WOULD STRIKE ANY OBSERVER AS IMPRESSIVE. THAT'S PART OF THE REASON WHY MAJOR BUSINESSES LEND ASSISTANCE TO THE CONFERENCE AND SHOW UP IN GREAT NUMBERS AT ITS EVENTS.

PRICE WATERHOUSE, FOR INSTANCE, HAS BEEN A MAJOR SUPPORTER OF BOTH CONFERENCES. I INVITED COMMENT FROM THAT FIRM IN PREPARATION FOR MY APPEARANCE HERE TODAY. I CAN VOUCH FOR THEIR COMMITMENT TO EMERGING BUSINESSES, AND I CAN ALSO TELL THAT THESE PROFESSIONALS SEE THE FUTURE IN THE NASCENT ENTERPRISES OF TODAY. THEY KNOW THAT MANY OF THEIR LARGEST AND MOST LUCRATIVE CLIENTS WERE GARAGE-WORKSHOP IDEAS NOT SO LONG AGO; THAT MANY OF THEIR SMALLER CLIENTS HAVE GROWN DRAMATICLLY THANKS TO A FAVORABLE CLIMATE NURTURED, IN PART, BY LEGISLATION.

THE POINT IS, WE ALL HAVE A STAKE IN THE SUCCESS OF AMERICA'S SMALLER BUSINESSES; AND ENTREPRENEURS ARE WILLING TO TAKE THE RESPONSIBILITY, IF GIVEN THE CHANCE, TO ADVOCATE THE

MEASURES THAT WILL ENHANCE THEIR CONTRIBUTION TO OUR ECONOMY. THE PROOF IS IN THE IMPETUS THEIR TWO CONCLAVES HAVE GIVEN TO YOUR LEGISLATIVE AGENDA.

WITH ITS GRASS-ROOTS, TOWN MEETING-LIKE FRAMEWORK, A WHITE HOUSE CONFERENCE ON SMALL BUSINESS STANDS FOR THE BEST PRINCIPLES IN OUR DEMOCRACY: INITIATIVE, REPRESENTATIVE PARTICIPATION AND ADVOCACY BORN OF FREEWHEELING DIALOGUE.

THE TWO WHITE HOUSE CONFERENCES HAVE GALVANIZED ENTREPRENEURS THROUGHOUT THE COUNTRY. THEY HAVE SPARKED THE HOPE THAT PROGRESS CAN BE FOSTERED THROUGH THE DEMOCRATIC PROCESS. THEY HAVE OFFERED AN OUTLET REALLY UNPARALLELED FOR CLARITY AND COHESIION. THEY SHOULD NOT BE ALLOWED TO LIMP INTO OBLIVION NOR THEIR PROMISE ALLOWED TO WITHER.

I EARNESTLY RECOMMEND TO YOU THE PASSAGE OF S.818.

THANK YOU.

STATEMENT OF HON. LOWELL WEICKER, JR., A U.S. SENATOR FROM THE STATE OF CONNECTICUT

Senator WEICKER. If it were not for the fact that he's such a good supporter of mine, I thought he'd really be getting ready to run for the Senate against me. [Laughter.]

The CHAIRMAN. I don't know why he thinks nobody is listening. You can't keep from listening. [Laughter.]

STATEMENT OF JOHN VANDER PLOEG, PRESIDENT, SHIP PAC CORP., KALAMAZOO, MI

Mr. VANDER PLOEG. Thank you, Mr. Chairman. It's a tough act to follow. It is a pleasure to be here today with you and other Members of the Senate Small Business Committee to examine the possibility of establishing a permanent White House Conference on Small Business.

I also have reviewed the bill which is the subject of today's proceedings. I believe that it is a good point at which to begin discussing the valid concept and the worthwhile goal.

I served as a delegate to the 1980 conference, and served as cochair of the Michigan delegation to the 1986 conference.

I've been involved for a number of years on the board of directors of the Small Business Association of Michigan, and today I'm here speaking on behalf of those people as well as the other 50,000 members of National Small Business United.

I'm delighted that they asked me to represent them and their membership today before this Committee.

A few moments ago, you heard me say that having a permanent White House Conference was both a valid concept and a worthwhile goal. If that sounds like a qualified yes, that is exactly what it is.

We do wholeheartedly support having future conferences. Such forums exhibit the potential for the small business community to clearly and effectively communicate with you in Congress, with the administration, and bureaucracy.

But, NSBU is not sure that having one every 4 years would produce a quality set of results that all of us would like to have in terms of justifying its expense, the taxpayers who foot the bill and to the small business owners like myself who pay their own way to attend.

I would hope that this Committee would give careful consideration to two points especially today. One is that we would hope that you might consider holding that conference not every 4 years, but perhaps every 8 years.

Second, that you pay special attention to developing an effective followup between each conference. If I may, I would like to be just a little more specific on both issues.

Careful consideration ought to be given to holding the conference no more than once every 8 years. Staging and attending such events requires an enormous amount of time, money and planning, both for those who plan and stage the event, and for those who attend, the small business people like myself.

I would seriously question whether having a conference every 4 years is a good idea. Not only does it take a lot of time to plan one,

and to attend one. It takes even longer for the resulting recommendations to be implemented.

I think it is much more important to followup on recommendations than it would be to just make them up every 4 years.

I really don't think the recommendations could be properly followedup before we would be receiving notices that the next conference was ready to be held.

Since there are serious questions as to whether our time would be spent wisely, I can't help but wonder if our money would also be spent wisely.

If I have questions about this, Mr. Chairman, then surely other small business owners also have questions. I have talked to quite a few of them who share that concern.

If we feel that we're not getting our money's worth, who would be the attendees and what kind of recommendations would result?

I think that perhaps we wouldn't get good strong recommendations out of a 4-year conference. I've attended both conferences and as anyone who's paid the expenses out of his own pocket, as each of us did, it certainly is not cheap, not only to come to Washington, but to attend the other State conferences as well.

I also have the concern as a taxpayer. I can't help but be concerned about the Government's return on its investment. You asked about that a few moments ago of Mr. Swain.

The bill, I believe, says that "such sums as may be necessary." I know that I wouldn't write a blank check in my business to set something up on a regular basis. I don't think Congress should either. I just don't think it is wise.

I'm sure many of us here in this room know of programs that started small, with the best of intentions, and not only got expensive, but got out of hand.

It takes lots of planning to make this, or any such undertaking, successful. Each White House Conference has basically been a referendum on what types of policy direction are important for America's competitiveness.

Put another way, the conference is small business community's statement on where we should go. However, we need action on our recommendations, and that is why followup is so important.

Imagine what a conference might be like if we had one in 1989. Hopefully it would not be called in August, or any time when Congress and the President were not in Washington, as was the case last time.

I heard that expressed earlier this morning, and I certainly share that concern. But beyond that, the preceding local conferences would have to be held during the presidential and congressional election year.

I question whether anyone really supports those kinds of activities. There is no doubt it would be an extremely negative conference because, many policy-makers here in Washington have so far turned a deaf ear to our small business concerns, as far as the big picture is concerned.

I would like to be optimistic, however, and think that if more time passed, the chances of progress on our concerns might be better than they presently look.

Proper followup between conferences is just as important, if not more so than when such conferences are held.

Followup can really compliment everyone's White House Conference time, planning, and expense. Both the Small Business Administration, possibly through its Office of Advocacy, and the Senate and the House Small Business Committees should have a greater role in this area.

Senator Bumpers, as Chairman of the Small Business Committee, you've already been hard at work in this regard, and we commend you for it.

In addition, what is under discussion today, I understand you've held hearings on the issues of mandated health, occupational disease and very early on in this session of Congress, you invited our organization and other small business groups to tell the Committee what was important to our various memberships. Believe me, your attention to us has not gone unnoticed. In addition to that, you've acted.

Two of the most important actions were definitely your introduction of S. 1370, allowing the self-employed to deduct a greater portion of their health insurance premiums, and your cosponsorship of S. 218, which called for a study on the effect of anything that Congress might do that would adversely affect competitiveness.

We believe that the Small Business Committee could also play an important role in holding followup hearings. Such hearings would be invaluable in shedding light on why something did or did not happen.

The SBA could also be of assistance in helping with followup. They might be asked to provide end-of-congressional session reports on any final action Congress may or may not have taken on conference recommendations during the previous session of Congress.

Such reports would allow those who are most interested to track the progress of conference recommendations between conferences.

Holding periodic White House Conferences on Small Business is indeed a valid concept, which NSBU supports. As I just said, we also believe that Congress and the administration ought to do a little more work on how such worthwhile goals are reached.

White House conferences must be more than heard—they must be listened to, and their recommendations must be acted upon.

Mr. Chairman, again, let me thank you and the Committee for having me here today. I would be happy to try and answer any questions that you or your colleagues may wish to ask. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Vander Ploeg follows:]

NATIONAL SMALL BUSINESS UNITED

"Serving America's small businesses since 1937"

STATEMENT OF
MR. JOHN VANDER PLOEG
ON BEHALF OF
NATIONAL SMALL BUSINESS UNITED
ON
S.818
THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS ACT
BEFORE
THE COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE
WASHINGTON, DC
SEPTEMBER 17TH, 1987

"It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise..."

-The Small Business Act of 1958
(As Amended - Section 2(a))

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JOHN VANDER PLOEG
BEFORE THE SENATE SMALL BUSINESS COMMITTEE
SEPTEMBER 17TH, 1987
REGARDING S.818
THE WHITE HOUSE CONFERENCE ON SMALL BUSINESS AUTHORIZATION ACT

Good morning Mr. Chairman.

It's a pleasure to be here today--with you and the other members of the Senate Small Business Committee to examine the possibility of establishing a permanent White House Conference on Small Business. I have reviewed the bill--S. 818--which is the subject of today's proceedings and believe that it is a good point at which to begin discussing what it is both a valid concept and a worthwhile goal.

Before I start, I want to express my appreciation to the Board of Directors of National Small Business United (NSBU) for their very kind invitation to me to speak on behalf of more than 50,000 NSBU members nationwide. As you and the other members of the Committee know, NSBU is a national, multi-industry, small business trade association whose membership is composed of individual companies in each of the fifty states, as well as local, state and regional organizations, and one national trade association. Formed from the merger of Small Business United (SBU) and National Small Business (NSB), NSBU has been speaking out on behalf of small firms for 50 years. And, Mr. Chairman, we're looking forward to this important responsibility for <u>at least</u> another 50 years.

A few moments ago, you heard me say that having a permanent White House Conference was both a valid concept and a worthwhile goal. If that sounds to you like a qualified "YES," well then--it is. YES--NSBU wholeheartedly supports having future Conferences. Such forums exhibit the potential for the small business community to clearly and effectively communicate their concerns to the policy-makers in Washington--the Administration, Congress, and the bureaucracy. BUT--NSBU is not sure that having one every four years would produce a quality set of results, in terms of justifying its expense--to the taxpayers who'd "foot the bill" and to the small business owners who pay their own way to attend. I hope this Committee might give careful consideration to two particular points...

1) holding a conference once every eight years rather than every four, and

2) developing an effective follow-up between each conference.

Let me be more specific...

HOLD THE CONFERENCE ONCE EVERY EIGHT YEARS. Careful consideration should be given to holding the conference no more than once every eight years. Staging and attending such events requires an enormous amount of time, money, and planning--both for those planning and staging the event and those of us who attend--small

business people like me.

Time. I would seriously question whether having a conference every four years is a good idea. Not only does it take a lot of time to plan one and to attend, it takes even longer for the resulting recommendations to be implemented. I think it's much more important to follow-up on recommendations than it would be to just make them up every four years. I really don't think the recommendations could be properly followed-up before we'd be receiving notices that the next conference was to be held.

Money. Since there are serious questions as to whether our time would be spent wisely, I can't help but wonder if our money would also be spent wisely. If I have questions about this, surely other small business owners would--and I've talked with quite a few of them who do. If we feel we're "not getting our money's worth," who would be the attendees and what kind of recommendations would result? I think that, perhaps, we wouldn't get good, strong recommendations. I've attended both conferences and as anyone whose paid out of his pocket to come can tell you--it ain't exactly cheap!

And as a taxpayer, I can't help but be concerned about the government's return on its investment. The bill says "such sums as may be necessary." I know I wouldn't write a blank check in my business to set something up on a regular basis--and I don't think Congress should either--I just don't think it's wise. I'm

sure many of us here in this room know of programs that started small, with the best of intentions, and not only got expensive--but got out of hand.

Planning: It takes lots of planning to make this--or any other such undertaking--successful. Each White House Conference has basically been a referenda on what types of policy direction are important for America's Competitiveness. Put another way, the conference is the small business community's statement on "WHERE TO GO." However, we need action on our recommendations. And that's why follow-up is so important.

Imagine what a conference might be like if we had one in 1989--which is when we'd be having the next one if this bill were law. Hopefully, it would not be called in August or anytime when Congress and the President were not in Washington as was the case last time. But beyond that, the preceding local conferences would have to be held during a Presidential and Congressional Election Year. Does anyone support that?

And there's no doubt it would be an extremely negative conference because many policy-makers here in Washington have, so far, turned a deaf ear to our small business concerns as far as the "big picture" (which is what's important) is concerned. I would like to be optimistic, however, and think that if more time passed--the chances of progress on our concerns might be better than they presently look.

FOLLOW-UP EFFECTIVELY BETWEEN CONFERENCES. Proper follow-up between conferences is just as important--if not more so--than when such conferences are held. Follow-up can really complement everyone's WHCSB time, planning, and expense. Both the Small Business Administration--possibly through its Office of Advocacy--and the Senate and House Small Business Committees should have a greater role in this area.

Senator Bumpers, as Chairman of the Small Business Committee, you've already been hard at work in this regard and we commend you. In addition to what's under discussion today, I understand you've held hearings on the issues of Mandated Health, Occupational Disease, and very early on in this session of Congress, you invited NSBU and other small business groups to tell the Committee what was important to our various memberships. And believe me, your attention to us has not gone unnoticed.

But you've done more than listen--you've acted. Two of the most important actions were definitely your introduction of S.1370, allowing the self-employed to deduct a greater portion of their health insurance premiums and your cosponsorship of S.Res. 218, calling for a study on the impact of anything Congress might do that would adversely affect competitiveness.

We believe that the Small Business Committee could also play an important role in holding follow-up hearings. Such hearings would

be invaluable in shedding light on "WHY" something did, or did not happen.

The Small Business Administration could also be of assistance in helping with follow-up. They might be asked to provide "End of Congressional Session" reports on any final action Congress may (or may not) have taken on conference recommendations during the previous session of Congress. Such reports would allow those who are most interested to track the progress of conference recommendations between conferences.

Holding periodic White House Conferences on Small Business is, indeed, a valid concept which NSBU supports. But, as I've just said, we also believe that Congress and the Administration ought to do a little more work on how such worthwhile goals are reached. White House Conferences must be more than heard--they must be listened to and their recommendations must be acted upon.

Mr. Chairman, again, let me thank you and the Committee for having me here, today. I'd be happy to try and answer any questions that you or any of your colleagues might wish to ask.

The CHAIRMAN. Thank you for a splendid statement, Mr. Vander Ploeg.

Lucille, let me ask you this. Can you conceive of, if we don't have a regularly scheduled time for White House Conferences, any connection between the desirability of holding a conference at some particular time when the economy is in some kind of condition? I mean what kind of economic conditions, as you alluded to in your testimony, would you envision warranting the calling of a White House Conference?

Mrs. WILSON. I think a White House Conference could possibly be called sooner than the 4-year period if the economy demanded it.

Sometimes small business people do feel that it is necessary to be heard if they're really in a bind at a particular moment about something.

I believe I did state that I know that every 4 years, a set pattern of every 4 years is necessary for a conference, but as would be necessary.

Does that answer your question, Senator?

The CHAIRMAN. I think so. Mr. Edwards, let me ask you this.

You favor this legislation. I mean, you favor one every 4 years. I assume that the timing of it is not particularly important if you all feel, as you apparently do, that the last conference, and maybe even the one in 1980, despite President Carter's efforts to politicize it, perhaps was not successful.

Is there any good reason to have one say, 4 years from 1986, if the recommendations from 1986 have not been dealt with?

Mr. EDWARDS. Yes, Senator. That is a very good question. I appreciate that question because as I indicated in my testimony, I think that by having it every 4 years, even though the 1986 conference has not at this point brought the results that we would expect.

But still, it is a little bit too soon to judge that, the results of that conference.

The CHAIRMAN. Let me interrupt that point and say that most of the recommendations of 1980 were implemented.

Mr. EDWARDS. Yes.

The CHAIRMAN. And naturally, the ones in 1986 were not going to be acted on that quickly because most of your priority agenda was acted on.

Mr. EDWARDS. Right. So by holding a conference in 1990, it would be a mechanism to review the results of 1986, and where do we go from here and to analyze what we have accomplished, and maybe have yet to accomplish and, to re-establish our priorities.

The only thing that we can be certain of in our economy is change, and the dynamics of change are such a rapid rate that by holding a conference every 4 years would give us an opportunity to review the past and to reprioritize.

As the 1986 conference recommended, as the Senator pointed out earlier, it was the number 50 recommendation, to hold a White House Conference every 4 years.

The CHAIRMAN. What would you think about this proposition? Say, amending this legislation to provide for a one not less than 4 years and not more than 8 years?

Mr. EDWARDS. Not less than 4, and not more than 8?

The CHAIRMAN. That would give some flexibility in there to say, well, if your agenda is the same—let's say, as an illustration, hypothetically, the 1986 conference.

Let's assume that in a 1990 conference that that is pretty much still the small business community's priority list, but it still has not been acted upon to any significant degree.

What purpose, then, would a conference in 1990 serve? Well, you might say it would say once again that we feel there is some urgency about this, you guys get busy on it. Would you agree with that?

Mr. EDWARDS. Yes, I would, sir.

The CHAIRMAN. Could that not be done without spending $5 million?

Mr. EDWARDS. I'm not sure. I'm not sure for a mechanism. Whenever we gain something positive if it is going to have to cost us money.

But $5 million—the benefit that it will give I think is a very low investment. Certainly low investment compared to other investments that are being made.

The CHAIRMAN. Mr. Edwards, I certainly am inclined to agree with you on that, but I must also say this little addendum; that is the argument that is made around here for every expenditure that we make. Sometimes that is the way things get out of control.

Mr. Vander Ploeg, one other point I might say is you'd be amazed how many bills we passed around here authorizing such sums as shall be necessary.

But there is also one little safeguard on that. That is the authorizing legislation. The appropriations process still has to follow that by setting a specific amount.

So, it is not a blank check. The money can't be spent until the Appropriations Committee has said, "Here's how much money we're going to put into this."

Mr. VANDER PLOEG. I just responded to the question that you posed to Mr. Edwards, regarding perhaps a compromise.

The CHAIRMAN. Yes. I wanted to ask you that same question.

Mr. VANDER PLOEG. I think that's a very good position that you might take, provided, as I think others have also said, if there would be a way to remove it as much as possible from an election year, because——

The CHAIRMAN. You could provide it in the bill that it would still have to be an off-election year.

Mr. VANDER PLOEG. I would also hope that you would at a minimum, try to find a way to keep the taxpayers' cost as low as possible.

It is very important to the small business people who have attended previous conferences to be able to say to themselves, each other, and to the world that, "I paid my own way to come to this."

And, I think when I heard the figure this morning, $4.5 to $5 million, that was the first time that I heard that.

The CHAIRMAN. Were you shocked by that?

Mr. VANDER PLOEG. I was shocked by that. I would hope that there would be a way for us to find someone to allow the attendees to pick up if not all, most of the cost of that project, because that's the way we feel about it.

The other thing I'd like to ask you is—someone else said, you find a way to make sure it's truly the small business people who are the attendees and make the decisions.

That is a very big concern to people, that it not be in any way influenced by big business people, or even by the major special interest groups who often sometimes represent small business people, or try to but that the small business people themselves really feel like they are in control.

The CHAIRMAN. That would be a grassroots opportunity for them to come up here and speak their piece.

Mr. VANDER PLOEG. As much as possible to do that in Washington.

The CHAIRMAN. Senator Pressler.

STATEMENT OF HON. LARRY PRESSLER, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator PRESSLER. I would like to clarify positions of each of you if I could.

We were discussing the Domenici bill, which he is going to speak on in just a minute. But as I understand it, Mr. Edwards, you would support the bill? Mr. Vander Ploeg, you would support it with an amendment for every 8 years?

Mr. VANDER PLOEG. Or something between 4 and 8.

Senator PRESSLER. Mrs. Wilson, you would oppose the bill and feel that we should have more conferences, is that correct?

Mrs. WILSON. No, I do not oppose the bill at all. I'm saying—what I said was, that I didn't think we needed to set a specific time of every 4 years.

I more agree with the gentleman on my left, that it could vary between every 4 and 8 years or at a time when needed.

I didn't mean to imply that I was against the bill. I think the conferences are very necessary. The timing would be according to the need and to what we could afford to spend on that.

I'm appalled at the amount of money it costs, and I think I did recommend that the cost be taken up by the small business community.

Senator PRESSLER. Under your plan, who would decide when to have a conference if it weren't a set number of years? The White House?

Mrs. WILSON. I think Congress would be in the better position to decide when it was, because I really believe they're in closer contact with the small business community than is the White House, probably.

Senator PRESSLER. Thank you. That's all the questions that I have. I may have more questions at a later period.

The CHAIRMAN. Lucille, Mr. Edwards, Mr. Vander Ploeg, we thank you very much for being with us. You've all made excellent statements, and it is very helpful to us in deciding the disposition of the bill.

We always welcome small business people to this Committee. We're doing our very best to listen to you, Mr. Edwards, and not only to listen, but to be responsive. Thank you.

The CHAIRMAN. Senator Domenici, we're glad to have you join us.

STATEMENT OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. Thank you. I'm glad you called the meeting to hear the bill.

The CHAIRMAN. We thought you were indifferent to it, and weren't going to show up.

Senator DOMENICI. I was, as you recall on the last Appropriation bill that you and I were on, you were called off to a very important matter, and you left me to present your amendment. I want to record to you that I did very well. [Laughter.]

The CHAIRMAN. Explain to this panel what you did on your and my behalf the day before yesterday. They will appreciate that.

Senator DOMENICI. Well, actually we're kind of just joking with each other, you should know, because he has not been able to find time until now, and I'm delighted we're having the hearing and it's plenty timely.

But I've been asking him to have the meeting, and then I wasn't here on time. I was over there trying to save the world with Gramm-Rudman-Hollings.

Either save it or damn it, I don't know which.

The CHAIRMAN. I knew where you were.

Senator DOMENICI. I'm sorry it got kind of mixed up. But we had an Appropriations measure, and Senator Bumpers and I were concerned about our "Equal Access to Justice" bill which provides the small business man or business woman in America an opportunity to be reimbursed when they have to go to court with their Federal Government, if the court finds that the Government was unjustifiable in its cause.

We were fearful that a precedent that was being set to make that window of opportunity for reimbursement get narrower, because one of the major regulatory entities in the country had provided that if people took an appeal from it, and became an intervenor in an actual case that they should not get reimbursed.

We wanted to make sure that that did not become the rule, and for some reason or another, the House had put that in the bill.

So, we succeeded in taking it out, leaving the broadest scope possible for recoupment of expenses and/or professional witness costs for the small business man or business woman in litigating with the Government.

We were very pleased. We both have been strong supporters of it, and I introduced it first in a Congress a long time ago.

But we found recently that six farmers recovered costs because the Government had contested something, and the court found it was unjustifiable that was an Internal Revenue case, and that really pleased us very much.

I'm sure the Chairman agrees that to recover from IRS when they are unjustifiable in their administrative processes, and you have to appeal; that was good news.

So Mr. Chairman, I'm here. I will not burden the Committee. Thank you for calling on me.

One of the reasons that I was so enthused about us passing a law that would make this conference of small business men and business women in Washington a regular and reoccuring event is parochial, in that the New Mexico delegation was the one that suggested this among the list of things that were adopted.

It was then adopted by the conferring small business men and business women. It is with pride that I introduce the bill, since it was their idea.

Further, Mr. Chairman, the small business men that came, and business women that came, as I understand it, all paid their own expenses. So that in the event that we would like to make sure that that doesn't change, maybe we could provide that in the bill.

Whatever cost the Government is going to bear, in order to make this genuinely their commitment, expenses to-and-fro and of attending shall always be borne by the attendees. I would assume that they would agree whole-heartedly with that. And yet to put it on cost, something like $4.4 to $4.6 million. Part of this was paid by the Government.

I'm not embarrassed by that. So long as we put substantial sacrifice on their part, in paying their own way in the bill, I'm not at all offended by saying we will pay something nationally.

I think that will be pretty well regulated by the appropriators.

There is no doubt in my mind that this last White House conference was effective. If you look at the recommendations and the results, I don't think we ever have gotten our money's worth out of anything with as much certainty as that because two-thirds of their recommendations, be it administrative, regulatory, or a few laws, two-thirds of them have been implemented from the 1980 White House conference, and that has been documented by those who have followed it.

I think you and I would agree that if you got 50 percent result out of conferences that address generic type issues of that type, it surely would be praise-worthy.

So I have a few other observations in writing, but I just wanted to come to you and do two things—thank you and the Committee for the hearing.

I thank the small business community for their overwhelming support of the idea. I think the three that are here speak for literally the entire small business community of America. They want to regularize this, because they're excited about it.

And third, to thank the many Senators who are genuinely in favor of this. You and your staff are fully aware that without a great deal of difficulty, there are many, many cosponsors.

I urge that your Small Business Committee, which has a growing reputation of being staunch advocates of the small business community, that you report out the bill as soon as possible.

I pledge to you that I will do everything that I can to expedite it, even though in a clogged calendar situation that with your support, and the support of your ranking member, that we wouldn't pass it yet this year.

Thank you very much. I'd be pleased to answer any questions. Would you make my detailed statement a part of the record?

The CHAIRMAN. I will. The full statement will be entered in the record.

[The prepared statement of Senator Domenici follows:]

STATEMENT OF SENATOR PETE V. DOMENICI
COMMITTEE ON SMALL BUSINESS
HEARING ON S. 818
SEPTEMBER 17, 1987

MR. CHAIRMAN, I THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE THE COMMITTEE THIS MORNING. I APPRECIATE THE COMMITTEE TAKING TIME OUT OF ITS BUSY SCHEDULE TO PROVIDE A HEARING ON THIS LEGISLATION.

THE BILL WE ARE CONSIDERING, S. 818, PROVIDES AN EXCELLENT OPPORTUNITY FOR THE CONGRESS TO SHOW THE "LITTLE GUY" THAT WE ARE CONCERNED WITH HIS OR HER LIVELIHOOD. THIS BILL AUTHORIZES A WHITE HOUSE CONFERENCE ON SMALL BUSINESS ONCE EVERY PRESIDENTIAL TERM. MY BILL WOULD THUS PROVIDE AN ASSURED FORUM ONCE EVERY FOUR YEARS FOR AMERICA'S SMALL BUSINESSMEN AND -WOMEN TO VOICE THEIR CONCERNS TO THEIR GOVERNMENT IN A DIRECT MANNER.

FORTY-THREE OF MY COLLEAGUES AGREE WITH ME, AND HAVE JOINED AS COSPONSORS OF MY BILL.

THE 1986 WHITE HOUSE CONFERENCE ON SMALL BUSINESS COST ABOUT $4.6 MILLION. MANY OF THE EXPENSES WERE PAID FOR BY THE PRIVATE SECTOR. I BELIEVE MY COLLEAGUES WILL AGREE THAT THIS IS RELATIVELY INEXPENSIVE, WHEN ONE CONSIDERS THE POSITIVE IMPACT THE CONFERENCE CAN HAVE ON OUR NATION'S ECONOMY.

THE IDEA FOR THIS BILL IS A RESULT OF THE 1986 WHITE HOUSE CONFERENCE ON SMALL BUSINESS. I AM PROUD TO SAY THAT THE DELEGATION FROM NEW MEXICO SUGGESTED AS ONE OF ITS RECOMMENDATIONS TO THE NATIONAL CONFERENCE THAT THE CONFERENCE BE HELD ON A REGULAR BASIS. THAT IDEA WAS INCLUDED AS ONE OF THE FINAL 60 RECOMMENDATIONS REPORTED BY THE NATIONAL CONFERENCE.

OTHER WITNESSES WILL SHARE THEIR VIEWS WITH THE COMMITTEE REGARDING WHAT HAS WORKED WELL WITH THE TWO WHITE HOUSE CONFERENCES THAT HAVE OCCURRED TO DATE, DISCUSSING WHAT IMPROVEMENTS OUGHT TO BE CONSIDERED FOR FUTURE CONFERENCES.

I DO NOT CLAIM TO HAVE THE ANSWERS TO MANY OF THESE QUESTIONS. WHAT I DO KNOW IS THAT THE ENTHUSIASM AMONG THE SMALL BUSINESS COMMUNITY FOR THESE CONFERENCES, AND FOR MY BILL, IS IMPRESSIVE. LAST YEAR, OVER 1,800 DELEGATES TRAVELED TO OUR NATION'S CAPITAL, AT THEIR OWN EXPENSE, TO ATTEND THE NATIONAL CONFERENCE.

AND LET ME JUST SAY THAT THE DELEGATES GOT RESULTS. THE RECOMMENDATIONS THAT WERE MADE WERE REALISTIC. OVER TWO-THIRDS OF THE RECOMMENDATIONS THAT RESULTED FROM THE FIRST WHITE HOUSE CONFERENCE ON SMALL BUSINESS IN 1980 HAVE BEEN ENACTED. I AM CONFIDENT THAT THE 1986 CONFERENCE WILL ENJOY SIMILAR RESULTS.

WITH THEIR ENTREPRENEURIAL SPIRIT, AMERICA'S SMALL BUSINESS OWNERS HAVE ACCEPTED THE CHALLENGE OF RUNNING THEIR OWN BUSINESS, AND BRING TO IT AN ENCOURAGING OPTIMISM AND INGENUITY. THROUGH THEIR KEEN COMPETITIVE NATURE, THEIR PENCHANT FOR HARD WORK, AND THEIR WILLINGNESS TO TAKE RISKS, THESE MEN AND WOMEN DEVELOP NEW PRODUCTS, MAP OUT NEW MARKETS, AND IMPROVE OUR COUNTRY'S ECONOMIC EFFICIENCY.

GROWING UP IN ALBUQUERQUE AS THE SON OF PROUD IMMIGRANTS, I HAD THE PLEASURE AND BENEFIT OF EXPERIENCING THIS WORK ATTITUDE FIRST-HAND. MY FATHER WAS A LOCAL GROCER, WHO THRQUGH HARD WORK AND A NEVER-SAY-DIE ATTITUDE, ESTABLISHED HIMSELF AS ONE OF THE CITY'S LEADING GROCERS.

THE ISSUES BEFORE OUR SMALL BUSINESS OWNERS ARE FOREVER CHANGING, AND IS EVIDENCE OF THE FACT THAT WE MUST CONTINUE TO PROVIDE A NATIONAL FORUM FOR THE DISCUSSION OF IDEAS.

FOR EXAMPLE, MANY OF THE KEY ISSUES AT THE FIRST WHITE HOUSE CONFERENCE ON SMALL BUSINESS IN 1980, SUCH AS HIGH ENERGY COSTS AND A DISMAL NATIONAL ECONOMY, ARE NO LONGER PRIMARY CONCERNS. THESE ISSUES WERE REPLACED IN THE 1986 CONFERENCE BY BUDGET DEFICITS, TAXES, AND THE LIABILITY INSURANCE CRISIS.

OVER 15 MILLION SMALL BUSINESSES ACCOUNT FOR ALMOST 50 PERCENT OF OUR PRIVATE-SECTOR WORK FORCE, ACCOUNT FOR 38 PERCENT OF OUR GROSS NATIONAL PRODUCT, AND PROVIDE ON-THE-JOB TRAINING FOR OUR NATION'S YOUTH.

MY BILL WOULD PROVIDE A FORUM DURING WHICH THESE SMALL BUSINESS OWNERS CAN BRING THEIR GOVERNMENT UP TO DATE ON THEIR CONCERNS. THIS LEGISLATION WOULD PROVIDE FURTHER EVIDENCE TO AMERICA'S SMALL BUSINESS OWNERS THAT THEIR GOVERNMENT RECOGNIZES THE NEED FOR A HEALTHY, COMPETITIVE SMALL BUSINESS ENVIRONMENT.

THANK YOU.

The CHAIRMAN. Senator Domenici, let me just say I want to thank you for your commitment to small business, and for introducing this legislation which has much merit.

I'm sorry you couldn't be here to hear earlier testimony from Mr. Swain and from this panel, all of whom in the spirit of cooperation and genuine concern have expressed varying degrees of support.

Some suggestions have been made as to how we might change it, and you've already suggested one yourself that might be in order. Mrs. Wilson pointed out it was the Arkansas delegation that made the motion that the delegates pay their own expenses.

And she pointed out that the small business community is very proud of their independence. They want to do that. I think that is an order. We might even put that in the bill.

Mr. Vander Ploeg has suggested that he feels there ought to be ample time for Congress to implement the recommendations of one conference before another one is held. He suggested 8 years.

I'd suggest that we might compromise on something not more than one every 4 years, but not go longer than 8 years without a conference, and then maybe let the White House, the Congress, or whoever we decide set a time to decide when the time is ripe.

And finally, to depoliticize it as much as possible by probably holding it in off-election years, so that nobody gets any political benefit out of these people and that they are heard by people who are genuinely concerned.

Senator DOMENICI. As I indicated, I apologize to the witnesses and to you for not having heard those constructive suggestions.

Clearly, I concur. I think that we need not have them every 4 years. On the other hand, I can't conceive that if its the 4 years but no more than 8 years or less.

I really believe that this is such a dynamic and changing constituency and their problems are the same. I can't conceive that we would not indeed have one every 4 years.

The off-year election idea makes sense to me. I don't know that you know this, Mr. Chairman, but I really was a very fortunate young man as I grew up because I came from a family with a father who was an immigrant, and he never learned how to write English but he had a marvelous small business and it grew.

And I really was lucky, because you know when they succeeded enough to buy a new truck, especially it was big enough to have tandem axles, my dad would bring it home so that we could all look at it, and share in the success.

I think, although I was not privileged to do that, because the chain stores came in and he decided prudently to let me become a lawyer, and he decided to let the chain stores have the grocery business.

But I think I have a little bit of a feeling how they feel about successes, and how personal they are to the small business man and business women when they succeed.

I mean there is really a very, very significant feeling in the United States. It's almost Americana, really because nobody has a broad involvement in small business that we have.

You know, that's why we're vibrant. We can talk all we want about big corporations, but clearly its the little companies with a

few employees that really make this economy go, and go through the ups and downs of all this macroeconomic jargon.

We talk about the bottom line at every month and get something done, and so I——

The CHAIRMAN. If I can interrupt you at that point, Senator?

Senator DOMENICI. Please.

The CHAIRMAN. Sometimes I think I favor conglomerates and massive mergers because usually that spells the demise of a big company and that makes more room for more small businesses.

Senator DOMENICI. We could get into a real argument about that. I'm for mergers, but I wonder of late if the mania has been good for the country or not, and whether we get much out of it.

But I don't believe the small business people in this conference have to pass judgment on that, at least at this point. I again appreciate your time.

The CHAIRMAN. I know Safeway, for example, who sold out. And of course, in order to finance that, they start selling off their stores in Dallas and of course Thom Thumb buys the Safeway Stores in Dallas.

Thom Thumb is probably a better operator than Safeway is, so that spreads it around and probably makes the grocery business more efficient.

Senator Karnes, did you have any questions of Senator Domenici?

STATEMENT OF HON. DAVID K. KARNES, A U.S. SENATOR FROM THE STATE OF NEBRASKA

Senator KARNES. No, I didn't, Mr. Chairman. I just wanted to add my compliments to you for having a hearing, and also to my good colleague from New Mexico for championing the cause of small business.

I have a small business myself. Indeed, a true small business that generates about $400,000 a year in gross sales.

In the clothing business. And it's been a very great experience for me over these last 14 years to run that. I started in college, and we've had some years where we've lost some money.

We've also had some years where we've made some money. But, I like it when you've got your experiences—your money's at risk, you're out there where the rubber meets the road.

I want to just also apologize to the people. I read their statements, and I found them to be very interesting and very exciting.

I've got a lot of communication from people in Nebraska who were attendees at the conference, and found it to be one of the most exciting conferences that they have attended, as far as the enthusiasm of the people and also the commitment of the people to make small business more successful, and work with the Government and communicate with the Government as for what we are doing to help you, and what we're doing to hinder you.

I'm a strong supporter of this legislation. I just want to add my full endorsement, whatever the time period is on having these conferences which will make them most effective.

I want to compliment the Chairman also for bringing this very important issue, and legislation through the hearing process.

Hopefully we can get it through the overall Senate as quickly as possible.

The CHAIRMAN. Thank you, Senator Karnes, and thank all of you again. The Senate Small Business Committee will adjourn.

[Whereupon, at 11:26 a.m., the hearing was adjourned.]

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